

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF VOLCANO BERHAD (“VOLCANO” OR “COMPANY”) DATED 16 MARCH 2021 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's (“**Bursa Securities**”) website at www.bursamalaysia.com (“**Website**”).

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, TA Securities Holdings Berhad (“**TA Securities**”) or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, TA Securities and Volcano take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

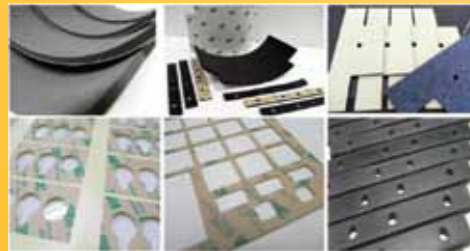
Applications will be accepted from **10.00 a.m.** on 16 March 2021 and will close at **5.00 p.m.** on 24 March 2021. In the event the Closing Date is extended, Volcano will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original Closing Date.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



VOLCANO BERHAD
(Registration No. 201801004790 (1266804-D))
(Incorporated in Malaysia under the Companies Act 2016)

1411, Jalan Perusahaan,
Kawasan Perusahaan Perai 1,
13600 Perai, Penang
Tel: (04) 399 1200
Fax: (04) 390 1200
E-Mail: corporate@volcano.com.my
Website: www.volcano.com.my
www.volcano.co.th



VOLCANO BERHAD

(Registration No. 201801004790 (1266804-D))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH THE LISTING OF VOLCANO BERHAD ("VOLCANO") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING: -

- (A) PUBLIC ISSUE OF 25,000,000 NEW ORDINARY SHARES IN VOLCANO ("SHARES") IN THE FOLLOWING MANNER: -
- (i) 8,250,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - (ii) 8,250,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, KEY SENIOR MANAGEMENT PERSONNEL, EMPLOYEES AND BUSINESS ASSOCIATES (INCLUDING ANY OTHER PERSONS WHO HAVE CONTRIBUTED TO OUR SUCCESS); AND
 - (iii) 8,500,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS; AND
- (B) OFFER FOR SALE OF 35,000,000 SHARES IN THE FOLLOWING MANNER: -
- (i) 14,375,000 SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS; AND
 - (ii) 20,625,000 SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY ("MITI");

AT AN ISSUE/OFFER PRICE OF RM0.35 PER SHARE, PAYABLE IN FULL ON APPLICATION

Principal Adviser, Sponsor, Underwriter and Placement Agent



TA SECURITIES HOLDINGS BERHAD

(Registration No.: 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SC UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

**THIS PROSPECTUS IS DATED
16 MARCH 2021**

PROSPECTUS



NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX (6) MONTHS FROM THE DATE OF THIS PROSPECTUS.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 170.

THIS PROSPECTUS HAS BEEN REGISTERED BY THE SECURITIES COMMISSION MALAYSIA ("SC"). THE REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.



IMPORTANT NOTICE

RESPONSIBILITY STATEMENTS

The Directors, Promoters and Selling Shareholders (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement herein false or misleading.

TA Securities Holdings Berhad ("**TA Securities**"), being our Principal Adviser, Sponsor, Underwriter and Placement Agent acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts on our initial public offering ("**IPO**").

STATEMENTS OF DISCLAIMER

Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for our Shares (as defined herein). Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

This Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

Investors should note that they may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**") for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Company.

Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out in Section 236 of the CMSA, is responsible.

Investors should note that any agreement by the Underwriter named in this Prospectus to underwrite our Shares is not to be taken as an indication of the merits of our Shares being offered.

IMPORTANT NOTICE (cont'd)

This Prospectus has been prepared in the context of an IPO under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

This Prospectus is published solely in connection with our IPO. Our Shares being offered in the IPO are offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, the Promoter, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, the Promoter, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent, or any of their respective directors or any other persons involved in our IPO.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia. Our Company, the Promoter, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent named in this Prospectus have not authorised and take no responsibility for the distribution of this Prospectus outside of Malaysia. No action has been taken to permit a public offering of our Shares in any jurisdiction other than Malaysia based on this Prospectus. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase any Shares offered under our IPO in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our Shares offered under our IPO in certain jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in this Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected.

We will further assume that you had accepted our IPO in Malaysia and will be subject to the laws of Malaysia in connection therewith. However, we reserve the right in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

IMPORTANT NOTICE (cont'd)

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities website at <http://www.bursamalaysia.com>.

The contents of the Electronic Prospectus are as per the contents of the copy of this Prospectus registered with the SC. A copy of this Prospectus so registered is available from the websites of Malayan Banking Berhad at <http://www.maybank2u.com.my>, CGS-CIMB Securities Sdn Bhd at <http://www.eipocimb.com>, CIMB Bank Berhad at <http://www.cimbclicks.com>, Affin Bank Berhad at <http://www.affinonline.com>, Public Bank Berhad at <http://www.pbepbank.com> and RHB Bank Berhad at <http://www.rhbgroup.com>.

Investors are advised to note that the internet is not a fully secure medium and that your Internet Share Application (as defined herein) is subject to the risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions. If you doubt the validity or the integrity of an Electronic Prospectus, you should immediately request from us, our Principal Adviser or the Issuing House, a paper/printed copy of the Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the contents of the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus which are identical to the copy of this Prospectus registered with the SC shall prevail. The Electronic Prospectus submitted to the SC and Bursa Securities is the same as the registered paper printed copy.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that: -

- (a) we and our Principal Adviser do not endorse and are not affiliated in any way to the Third Party Internet Sites and are not responsible for the availability of, or the content or any data, files or other material provided on the Third Party Internet Sites. You bear all risks associated with the access to or use of the Third Party Internet Sites;
- (b) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites referred to in this Prospectus, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and
- (c) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the websites of the Internet Participating Financial Institutions, you are advised that: -

- (a) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the content of the Electronic Prospectus on the web servers of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions are not responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or obtained from the web servers of the Internet Participating Financial Institutions and subsequently, communicated or disseminated in any manner to other parties; and

IMPORTANT NOTICE (cont'd)

- (b) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium.

The Internet Participating Financial Institutions are not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the websites of the Internet Participating Financial Institutions, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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TENTATIVE TIMETABLE

The indicative timing of events leading to the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities is set out below: -

Events	Dates
Issuance of Prospectus/Opening of applications for the IPO	16 March 2021/ 10.00 a.m.
Closing date of the IPO	24 March 2021/ 5.00 p.m.
Tentative date for balloting of applications	26 March 2021
Tentative date for allotment of IPO Shares to successful applicants	2 April 2021
Tentative listing date	6 April 2021

Should the closing date of the application be extended, the dates for the balloting, allotment of the IPO Shares, and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities would be extended accordingly. Any change to the closing date of the application will be advertised in widely circulated English and Bahasa Malaysia newspapers in Malaysia.

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DEFINITIONS

Unless otherwise indicated, the following definitions shall apply throughout this Prospectus: -

Acquisition of VNP	: Acquisition by Volcano of the entire issued share capital of VNP comprising 2,000,000 Shares from the Vendors for a total consideration of RM69,999,900 satisfied entirely via issuance of 699,999,000 new Shares in accordance with the SSA
Act	: Companies Act, 2016 as amended from time to time and any re-enactment thereof
ADA	: Authorised Depository Agent
ADA Code	: ADA (Broker) Code
Admission	: Admission of our Shares to the Official List of the ACE Market of Bursa Securities
Application	: The application for the Public Issue Shares by way of Application Form, Electronic Share Application and/or Internet Share Application
Application Form	: The printed application form for the application of the Public Issue Shares accompanying this Prospectus
ATM	: Automated Teller Machine
Authorised Financial Institution	: The authorised financial institution participating in the Internet Share Application with respect to payments for the Public Issue Shares
Board	: Board of Directors
BOI	: Board of Investment of Thailand
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (198701006854(165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (200301033577(635998-W))
CCC	: Certificate of completion and compliance
CCM	: Companies Commission of Malaysia
CDS	: Central Depository System
CF	: Certificate of Fitness for Occupation
Co-Founder(s)	: Datuk Ch'ng Huat Seng, Gan Yew Thiam, Yeap Guan Seng and Dato' Wong Tze Peng
CMSA	: Capital Markets and Services Act, 2007 as amended from time to time
Constitution	: The constitution of our Company
Covid-19	: Coronavirus

DEFINITIONS (*cont'd*)

Deposited Security	:	A security in the Company standing to the credit of a Securities Account of a Depositor subject to the provision of the Securities Industry (Central Depositories) Act, 1991 and the Rules
Depositor	:	A holder of a Securities Account
Director(s)	:	A natural person who holds a directorship in an executive or non-executive capacity in any company in the Volcano Group
Donaldson Thailand	:	Donaldson Filtration (Thailand) Ltd
E&E	:	Electrical and Electronics
Electrolux Thailand	:	Electrolux Thailand Co. Ltd
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium, including but not limited to CD-ROMs
Electronic Share Application	:	Application for the Public Issue Shares through a participating financial institution's ATM
Eligible Person(s)	:	Employee(s) or Director(s) of our Group who meets the criteria of eligibility for participation in the ESOS as set out in By-Law 6 of the ESOS By-Law(s) contained in Section 14 of this Prospectus
EPS	:	Earnings per share
ESOS	:	Employees' share option scheme of up to thirty (30%) percent of the total number of issued Shares of Volcano (excluding treasury shares, if any) at any one time for the Eligible Person(s)
ESOS By-Law(s)	:	The rules, terms and conditions of the ESOS
ESOS Committee	:	The committee appointed from time to time by the Board pursuant to By-Law 17 of the ESOS By-Law(s) to administer the ESOS
ESOS Option(s)	:	Option(s) granted/to be granted under the ESOS to subscribe for new Shares
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EPF	:	Employees' Provident Fund
Financial Years Under Review	:	FYE 2018, FYE 2019 and FYE 2020
Fisher & Paykel Thailand	:	Fisher & Paykel Appliance (Thailand) Co. Ltd
FYE(s)	:	Financial year(s) ended/ending, as the case may be, 31 December

DEFINITIONS (cont'd)

GP	:	Gross profit
Grantee(s)	:	Any Eligible Person(s) who has accepted the Offer by the Company in accordance with the terms of the ESOS
GST	:	Goods and Services Tax
Hewlett Packard	:	Hewlett Packard group of companies
HP	:	HP PPS Asia Pacific Pte Ltd
IATF	:	International Automotive Task Force, an “ad hoc” group of automotive manufacturers and their respective trade associations, formed to provide improved quality products to automotive customers worldwide
IEAT	:	Industrial Estate Authority of Thailand
Independent Market Researcher or Smith Zander	:	Smith Zander International Sdn Bhd (201301028298(1058128-V))
IMR Report	:	Independent Market Research Report prepared by Smith Zander, as set out in Section 8 of this Prospectus
Internet Participating Financial Institution	:	Participating financial institution in the Internet Share Application
Internet Share Application	:	The application for the Public Issue Shares through an Internet Participating Financial Institution
IPO	:	Initial public offering comprising Public Issue and Offer for Sale
IPO Price	:	The issue/offer price of RM0.35 per IPO Share pursuant to the IPO
IPO Shares	:	Collectively, the Public Issue Shares and Offer Shares
IPQC	:	In-Process Quality Control
Issuing House	:	Tricor Investor & Issuing House Services Sdn Bhd (197101000970(11324-H))
ISO	:	International Organisation for Standardisation, a developer and publisher of international standards. International standards give the state of the art specifications for products, services and good practice, helping to make industries more efficient and effective
Listing	:	Admission to the Official List and the listing of and quotation for our entire enlarged issued share capital comprising up to 214,500,000 Shares on the ACE Market of Bursa Securities, of which includes up to 49,500,000 new Shares to be issued pursuant to the ESOS
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities, as amended or expanded from time to time
Listing Scheme	:	The Acquisition of VNP, IPO, Listing and ESOS, collectively

DEFINITIONS (cont'd)

LPD	:	22 February 2021, being the latest practicable date prior to the registration of this Prospectus or as otherwise stated
Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day(s)	:	Any day between Mondays and Fridays (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading of securities
MCCG	:	Malaysian Code of Corporate Governance 2017
MFRS	:	Malaysia Financial Reporting Standards
MI	:	Minority interest
MIDA	:	Malaysian Investment Development Authority
MITI	:	Ministry of International Trade and Industry Malaysia
MNC(s)	:	Multinational company(ies)
MCO	:	Movement Control Order
MBSP	:	Majlis Bandaraya Seberang Perai
MT	:	Metric tonne
NA	:	Net assets
NBV	:	Net book value
NTA	:	Net tangible assets
OEM(s)	:	Original equipment manufacturer(s)
Offer	:	An offer made in writing by the ESOS Committee to a selected Eligible Person(s)
Offer for Sale	:	The invitation by the Selling Shareholders to identified investors to purchase the Offer Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Offer Shares	:	The 35,000,000 existing Shares to be offered pursuant to the Offer for Sale
Official List	:	The official list of the ACE Market of Bursa Securities
Panasonic Thailand	:	Panasonic Management (Thailand) Co. Ltd
Participating Financial Institution	:	The participating financial institution for the Electronic Share Application as listed in Section 16.5 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation

DEFINITIONS (cont'd)

PE Multiple	:	Price to earnings multiple
Pink Form Allocations	:	The 8,250,000 Public Issue Shares representing approximately 5.00% of our enlarged number of issued Shares at the IPO Price to be issued to the eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to our success)
Placement Agent	:	TA Securities
Prescribed Security	:	Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules
Principle Adviser, Sponsor, Underwriter and Placement Agent	:	TA Securities
Promoters	:	Datuk Ch'ng Huat Seng, Gan Yew Thiam, Yeap Guan Seng Dato' Wong Tze Peng and Khoo Boo Wui
Prospectus	:	This Prospectus dated 16 March 2021 issued by our Company in respect of our IPO
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Public Issue	:	Public Issue of 25,000,000 new Shares, representing 15.15% of our enlarged number of issued Shares, at the IPO Price, subject to the terms and conditions of this Prospectus
Public Issue Shares	:	25,000,000 new Shares to be issued by our Company pursuant to the Public Issue
Purchase Consideration	:	Total purchase consideration of RM69,999,900 for the Acquisition of VNP
QA	:	Quality assurance
QC	:	Quality control
R&D	:	Research and development
Record of Depositors	:	A record provided by Bursa Depository to our Company under Chapter 24.0 of the Rules
Reporting Accountants or Baker Tilly	:	Baker Tilly Monteiro Heng PLT (201906000600(LLP0019411-LCA & AF 0117))
ROC	:	Registrar of Companies
Rules	:	The Rules of Bursa Depository
SC	:	Securities Commission Malaysia
Securities Account	:	An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor

DEFINITIONS (cont'd)

Selling Shareholders or Offerors : Datuk Ch'ng Huat Seng, Gan Yew Thiam, Yeap Guan Seng and Khoo Boo Wui, collectively, pursuant to the Offer for Sale. Their respective Offer Shares are as follows: -

Selling Shareholders	No. of Offer Shares	% of enlarged issued share capital
Datuk Ch'ng Huat Seng	7,000,000	4.24
Gan Yew Thiam	14,000,000	8.49
Yeap Guan Seng	10,500,000	6.36
Khoo Boo Wui	3,500,000	2.12
Total	35,000,000	21.21

Share Consolidation : Share consolidation on the basis of five (5) Volcano Shares into one (1) Volcano Share on 18 May 2020

Share Registrar : Tricor Investor & Issuing House Services Sdn Bhd (197101000970(11324-H))

Sharp Indonesia : Sharp Electronics Indonesia PT

SICDA : Securities Industry (Central Depositories) Act, 1991

SME : Small and medium-sized enterprise

SSA : Share sale agreement dated 2 March 2018 as supplemented by a supplemental agreement dated 23 March 2018 entered into between Volcano and the Vendors for the purposes of the Acquisition of VNP

SOCSSO : Social Security Organisation

SOP : Standard operating procedures

Sq Ft or sq ft : Square feet

TA Securities : TA Securities Holdings Berhad (197301001467(14948-M))

Underwriting Agreement : The underwriting agreement dated 2 February 2021 entered into between Volcano and the Underwriter pursuant to the IPO

USA : The United States of America

UV : Ultraviolet

Vendors : Collectively, Datuk Ch'ng Huat Seng, Gan Yew Thiam, Dato' Wong Tze Peng, Yeap Guan Seng and Khoo Boo Wui pursuant to the Acquisition of VNP

Volcano or Company : Volcano Berhad (201801004790(1266804-D))

Volcano Group or Group : Volcano and its subsidiaries, collectively

Volcano Share(s) or Share(s) : Ordinary shares of Volcano

VWAMP : Volume-weighted average market price

DEFINITIONS (cont'd)

CURRENCIES

RM and sen	: Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
EUR	: European Dollar, the lawful currency of European Union
JPY	: Japanese Yen, the lawful currency of Japan
RMB	: Renminbi, the lawful currency of People's Republic of China
SGD	: Singapore Dollar, the lawful currency of Singapore
THB	: Thailand Baht, the lawful currency of Thailand
USD	: United States Dollar, the lawful currency of the USA

OUR SUBSIDIARIES

VNP	: Volcano Name Plate Sdn Bhd (199901001595(476495-W))
VTT	: Volcano Tec (Thailand) Co. Ltd (0105551105252)

EXCHANGE RATES

Unless otherwise stated, the following exchange rates are used throughout this Prospectus. The exchange rates are the middle rate as at 5.00 p.m. as at the LPD, as published by Bank Negara Malaysia.

RM1 = USD0.2472
RM1 = THB7.4256

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GLOSSARY OF TECHNICAL TERMS

Anti-microbial additives	:	A type of solution added into a product during the manufacturing process that has the ability to kill microorganisms or inhibit their growth throughout the useful life of the product
Biodegradable	:	A characteristic that refers to the capability of being decomposed naturally by bacteria or other living organisms
Bioplastics	:	A type of biodegradable plastic that is made of biological substances such as vegetable oils or cellulose instead of petroleum
Blanking	:	A mechanical process of cutting, punching or shearing of a piece of metal into a desired shape
Blow moulding	:	A manufacturing process used to form hollow plastic parts
CNC machine	:	A machine used for precision machining
Compression moulding	:	A manufacturing process used to form plastic parts by using heat and pressure
Control panel	:	A dashboard with buttons, levers and dials for configuring and controlling the equipment where the control panel is mounted on
Custom mould	:	A hollowed-out block that is made according to desired shapes or designs
Debossing	:	A decorative process to form sunken pattern or design
Decals	:	A sheet of substrate that has printed patterns or images that can be transferred to another surface upon contact, usually with the aid of heat or water
Decorative trim	:	A component used to enhance product design
Dials	:	A piece of equipment with numbers or marks to show some measurement usually by means of a pointer
Die cutting	:	A process of cutting material into specific shapes or designs using a steel cutting device
Electrical Discharge Machining ("EDM") machine	:	A machine used to cut hard metals that are electrically conductive
Embossing	:	A decorative process to form raised pattern or design
Engraving	:	A process of forming designs by cutting on the surface of metal or wood
Epoxy	:	A surface treatment process of creating a clear hard coating on an object
Etching	:	A type of process involving the use of chemical action to produce lines on a metal printing plate which will then hold the ink and form images

GLOSSARY OF TECHNICAL TERMS (cont'd)

Film extrusion	:	A manufacturing process used to form plastic parts with continuous lengths of shapes with the desired profile
Forging	:	A process of shaping metal using compressing forces such as hammering
Forming	:	A mechanical process of shaping metal parts without adding or removing material
Front panels	:	A panel at the front of machines or equipment which serves to set, switch, adjust and monitor the various available settings and functions
Grinding machine	:	A machine used for grinding with an abrasive wheel
Injection moulded plastics	:	Plastics formed using the injection moulding process
Injection moulding	:	A manufacturing process where molten plastic is injected into a mould and the desired shape forms when the plastic cools down
Instrument clusters	:	A panel on which dials, lights and gauges that monitor the performance of a machine or device are mounted on
Laminated	:	A process of bonding the nameplate onto the surface of the product using adhesives such as glue or stickers
Laser cutting	:	A process of using laser to cut objects
Laser marking	:	A process of using laser to engrave on objects
Lithographing	:	A type of printing process involving printing area to be ink-receptive and the non-printing area to be ink-repellent
Malleable	:	A characteristic that refers to the capability of being shaped without breaking
Man/machine interfaces	:	The hardware interface that allows user inputs to be translated as signals for machines, equipment or devices that in turn provide the required result to the user
Membrane switches	:	A type of electrical switch for turning a circuit on and off which is usually made of metal and plastic parts
Milling machine	:	A machine used to create shapes or design by feeding the workpiece against a rotating cutter containing a number of cutting edges
Monomers	:	A molecule that can be combined with other molecules of the same kind to form a polymer
Mounted	:	A process of the nameplate being fixed onto a backing or setting
Nameplates	:	A flat piece of metal, plastic or wood on which the name of a person, company or logo is displayed

GLOSSARY OF TECHNICAL TERMS (*cont'd*)

Nanotechnology	:	A type of technology involving manipulating materials at the atomic or molecular level to form different characteristics such as in terms of strength or durability
Offset printing	:	A type of printing process involving a rubber blanket and the printing substrate
Organic materials	:	Materials that are carbon-based
Overlay	:	A transparent sheet containing graphic illustrative matter such as labelling or coloured areas to be placed on another sheet or product
Pantograph engraving machine	:	A machine used to engrave objects
Petrochemicals	:	Chemical products derived from petroleum or natural gas
Photo anodizing	:	An electrochemical process in which an oxide layer is formed on the surface of the metal which will then hold the ink and form images
Polycarbonate ("PC")	:	A type of thermoplastic polymer that is clear, durable as well as heat and shatter resistant
Polyethylene terephthalate ("PET")	:	A type of clear thermoplastic polymer that is strong and lightweight
Polymerisation	:	A chemical process of combining several monomers to form a polymer
Polymers	:	Big molecules formed by linking smaller repeating chemical units of monomers
Polypropylene ("PP")	:	A thermoplastic polymer of carbon and hydrogen and used in a wide variety of applications, including food packaging, textiles, reusable containers, laboratory equipment and automotive components
Polystyrene	:	A type of clear thermoplastic polymer that is lightweight
Polyvinyl chloride ("PVC")	:	A type of thermoplastic polymer that is durable, light, strong, fire resistant, and insulates heat
Primary form	:	Raw materials used to form plastic products
Printing substrate	:	A base material that is to be printed on
Radio frequency identification ("RFID")	:	A type of technology that allows the identification of an object using radio waves
Resin	:	A thick and sticky clear substance made from plants or tree that is used to make plastics
Rotational moulding	:	A manufacturing process used to form plastic parts in a heated hollow mould while being rotated

GLOSSARY OF TECHNICAL TERMS (cont'd)

Scales	:	A physical system that has marks set at fixed interval used as a standard for measurement
Semi-synthetic	:	A material made from a mixture of natural and synthetic substances
Silk screen printing	:	A type of printing process involving a silk screen and the printing substrate
Stamping	:	A process of placing flat sheet metal into a stamping press where a tool and die surface forms the metal into a shape
Synthetic	:	A material made from compounds formed through a chemical process
Tampo printing	:	A type of printing process involving a flexible pad and the printing substrate
Thermoplastics	:	A material that is plastic or deformable and melts into liquid when heated and hardens upon cooling, and can be reheated and reshaped
Thermosetting polymers	:	Materials that undergo a chemical change when heated and reformed, and cannot be re-melted and reshaped

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PRESENTATION OF INFORMATION

Words importing the singular include the plural and vice versa. Words importing a gender include any gender. References to persons include a corporation.

Any reference to any statute and legislation in this Prospectus shall be a reference to the statute or legislation of Malaysia and includes any statutory modification, amendment or re-enactment thereof, unless otherwise indicated.

Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

Any reference to words such as “we”, “us”, “our” and “ourselves” in this Prospectus shall be a reference to our Company, our Group or any member company of our Group as the context requires, unless otherwise stated. All references to “Volcano” and “our Company” in this Prospectus are to Volcano Berhad, references to “our Group” are to our Company and our subsidiary companies taken as a whole. Unless the context otherwise requires, references to “Management” are to our Directors and key senior management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word “approximately” used in this Prospectus is to indicate that a number is not exact, but that number is usually rounded off to the nearest hundredth or two (2) decimal places. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by Smith Zander. In compiling data for review, Smith Zander had relied on industry sources, published materials, its own private databanks and direct contacts within the industry. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than those of historical facts included in this Prospectus, including, without limitation, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Some of these forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to: -

- (a) demand for our products and services;
- (b) our business strategies;
- (c) plans and objectives of our Management for future operations;
- (d) our financial position; and
- (e) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation: -

- (a) the economic, political and investment environment in Malaysia and globally; and
- (b) government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 9 (Risk factors) and Section 11.2 (Management's discussion and analysis of financial condition and results of operations) of this Prospectus. Due to these and other uncertainties, we cannot give any assurance that the forward-looking statements included in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Address	Nationality/ Profession
Wong Wan Chin, D.J.N	Independent Non-Executive Chairman	119-7-6, Putra Marine, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang	Malaysian/ Lawyer
Datuk Ch'ng Huat Seng	Non-Independent Managing Director	11 Jalan Legenda 1, 11960 Bayan Lepas, Pulau Pinang	Malaysian/ Director
Dato' Wong Tze Peng	Non-Independent Executive Director	2, Lorong Batu Nilam 7B, Bandar Bukit Tinggi, 41200 Klang, Selangor	Malaysian/ Director
Gan Yew Thiam	Non-Independent Executive Director	No. 23, Lorong 2/SS 5, Bandar Tasek Mutiara, 14120 Simpang Ampat, Pulau Pinang	Malaysian/ Director
Yeap Guan Seng	Non-Independent Executive Director	1057, Jalan Besar, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang	Malaysian/ Director
Khoo Boo Wui	Non-Independent Executive Director/ Chief Financial Officer	12-W, Jalan Angsana, Bandar Baru, 11500 Ayer Itam, Pulau Pinang	Malaysian/ Director
Tan Yen Yeow	Independent Non-Executive Director	No. 15, Lintang Kurau 5, Chai Leng Park, 13700 Prai, Pulau Pinang	Malaysian/ Director
Hing Poe Pyng	Independent Non-Executive Director	1A-16-03, Sandilands, Gat Lebu Sandilands, 10300 Georgetown, Pulau Pinang	Malaysian/ Company secretary

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Tan Yen Yeow	Chairman	Independent Non-Executive Director
Wong Wan Chin, D.J.N	Member	Independent Non-Executive Chairman
Hing Poe Pyng	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (cont'd)

REMUNERATION COMMITTEE

Name	Designation	Directorship
Wong Wan Chin, D.J.N	Chairman	Independent Non-Executive Chairman
Tan Yen Yeow	Member	Independent Non-Executive Director
Hing Poe Pyng	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Hing Poe Pyng	Chairman	Independent Non-Executive Director
Wong Wan Chin, D.J.N	Member	Independent Non-Executive Chairman
Tan Yen Yeow	Member	Independent Non-Executive Director

COMPANY SECRETARY : Lim Yong Chiat (Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") 7060553)
(Chartered Secretary)
SSM Practising Certificate No. 201908000066
2A-13A-2, The Latitude,
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1. CORPORATE DIRECTORY (cont'd)

- SOLICITORS FOR THE LISTING** : Katherine Khaw & Associates
Advocates & Solicitors
368-2-6 Bellisa Row,
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Fax: (04) 227 8918
- PRINCIPAL BANKERS FOR VNP** : RHB Bank Berhad (196501000373(6171-M))
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Taman Inderwasih,
13600 Prai,
Pulau Pinang
Tel: (04)-3908997
Fax: (04)-3909161
- HSBC Bank Malaysia Berhad (198401015221(127776-V))
1, Downing Street,
13000 Penang
Tel: 1300 88 1388
Fax: (04)-2626206
- ISSUING HOUSE** : Tricor Investor & Issuing House Services Sdn Bhd
(197101000970(11324-H))
Unit 32-01, Level 32, Tower A,
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No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel: (03) 2783 9299
Fax: (03) 2783 9222
- SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd
(197101000970(11324-H))
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
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Tel: (03) 2783 9299
Fax: (03) 2783 9222
- AUDITORS AND REPORTING ACCOUNTANTS** : Baker Tilly Monteiro Heng PLT
(201906000600(LLP0019411-LCA & AF 0117))
Baker Tilly Tower
Level 10, Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur
Tel: (03) 2297 1000
Fax: (03) 2282 9980
- Partner-in-charge: Dato' Lock Peng Kuan
Approved number: 2819/10/2022 J
Chartered Accountant – Member of Malaysian Institute of Accountants (“**MIA**”) (MIA Membership No.: 17668)
Fellow Member of ACCA

1. CORPORATE DIRECTORY (cont'd)

INDEPENDENT MARKET RESEARCHER : Smith Zander International Sdn Bhd
(201301028298(1058128-V))
15-01, Level 15, Menara MBMR,
1, Jalan Syed Putra,
58000 Kuala Lumpur
Tel: (03) 2732 7537

Managing Partner: Dennis Tan Tze Wen
Bachelor of Science

LISTING SOUGHT : ACE Market of Bursa Securities

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2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Approval from Bursa Securities

Bursa Securities had, vide its letter dated 27 September 2019, approved the admission of Volcano to the Official List and the listing and quotation of the entire enlarged issued share capital of Volcano comprising up to 1,072,500,000 Shares on the ACE Market of Bursa Securities of which includes up to 247,500,000 new Shares to be issued pursuant to the ESOS.

On 13 March 2020, TA Securities had on behalf of Volcano submitted an application for an extension of time for a period of six (6) months from 27 March 2020 up to 27 September 2020 to complete the Listing. Bursa Securities had, vide its letter dated 20 March 2020, resolved to grant an extension of time until 27 September 2020 for Volcano to complete the implementation of Listing.

On 26 June 2020, TA Securities had on behalf of Volcano submitted an application for a revised listing scheme for Volcano and on 7 September 2020 submitted an application for a further extension of time for the implementation of the Listing. Bursa Securities had, vide its letter dated 2 November 2020, approved the admission to the Official List and the listing and quotation of the entire enlarged issue share capital of Volcano comprising up to 214,500,000 Shares on the ACE Market of Bursa Securities of which includes up to 49,500,000 new Shares to be issued pursuant to the ESOS, and granted Volcano an extension of time until 27 March 2021 to complete the implementation of the Listing.

On 22 February 2021, TA Securities had on behalf of Volcano submitted an application for an extension of time for a period of one (1) month from 27 March 2021 up to 27 April 2021 to complete the Listing. Bursa Securities had, vide its letter dated 4 March 2021, resolved to grant an extension of time until 27 April 2021 for Volcano to complete the implementation of Listing.

The conditions imposed by Bursa Securities and the status of compliance with these conditions are as follows: -

No.	Details of the Conditions Imposed	Status of Compliance
1.	TA Securities to ensure that Volcano is in compliance with Rule 3.19(1) of the Listing Requirements in respect of shares to be granted to Promoters of the Company under the ESOS;	Noted.
2.	Submission of the following information with respect to the moratorium on the shareholdings of the Promoter to Bursa Depository: (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares;	Complied.
3.	Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied.

2. APPROVALS AND CONDITIONS (cont'd)

No.	Details of the Conditions Imposed	Status of Compliance
4.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of Listing Requirements;	To be complied prior to Listing.
5.	Furnish Bursa Securities a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued share capital of Volcano on the first day of listing;	To be complied upon Listing.
6.	Any director of the Company who has not attended the Mandatory Accreditation Programme must do so prior to the listing of the Company;	Complied.
7.	<p>In relation to the public offering to be undertaken by Volcano, please announce at least two (2) Market Days prior to the listing date, the result of the offering including the following:</p> <ul style="list-style-type: none"> (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/allocation; (iii) A table showing the distribution for placement tranche; and (iv) Disclosure of placees who become substantial shareholders of Volcano arising from the public offering, if any. <p>TA Securities to ensure that overall distribution of Volcano's securities is properly carried out to mitigate any disorderly trading in the secondary market;</p>	<p>To be complied prior to Listing.</p> <p style="text-align: center;">Noted.</p>
8.	<p>In relation to the ESOS:</p> <p>8.1 In the event the new ordinary shares to be issued pursuant to the ESOS will be listed and quoted as the existing securities of the same class, quotation of the new ordinary shares will commence on the next Market Day after the following:</p> <ul style="list-style-type: none"> (i) Submission of the share certificate together with a covering letter containing the summary of the ordinary shares under the ESOS to Bursa Depository before 10.00 a.m. on the market day prior to the listing date; (ii) Receipt of confirmation from Bursa Depository that the additional new shares are ready for crediting into the securities accounts of the respective account holders; and 	To be complied where applicable.

2. APPROVALS AND CONDITIONS (cont'd)

No.	Details of the Conditions Imposed	Status of Compliance
	<p>(iii) An announcement in accordance to paragraph 12.2 of Guidance Note 17 is submitted via Bursa Link before 3.00 p.m. on the market day prior to the listing date.</p> <p>8.2 In the event the new ordinary shares to be issued pursuant to the ESOS will be separately quoted from the existing securities i.e., "A" shares, the listing and quotation of the new ordinary shares will take place two (2) Market Days upon the receipt of an application for quotation by Bursa Securities as specified under Part C of Annexure Guidance Note 17-B.</p>	
9.	Volcano/TA Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Volcano to the Official List.	To be complied upon Listing.
10.	TA Securities is required to ensure full compliance of all requirements pertaining to the ESOS and other requirements as provided under the Listing Requirements at all times.	To be complied where applicable.

2.1.2 Approval from SC

Our IPO is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 12 October 2018, approved the relief sought by us from having to comply with certain requirements under the Prospectus Guidelines as follows: -

No.	Reference to Prospectus Guidelines	Details of Relief Sought	SC's decision
1.	Paragraph 5.10, Division 1 of Part II	Relief from having to disclose the individual revenue contribution of Volcano's major customers in the Prospectus, i.e HP, Fisher & Paykel Thailand and Donaldson Thailand	Approved, as proposed.
2.	Paragraph 5.10, Division 1 of Part II	Relief from having to disclose the names of Volcano's major customers in the Prospectus	Approved, as proposed.

2. APPROVALS AND CONDITIONS (cont'd)

No.	Reference to Prospectus Guidelines	Details of Relief Sought	SC's decision
3.	Paragraph 5.11, Division 1 of Part II	Relief from having to disclose the name of Volcano's major supplier in the Prospectus	Approved, as proposed.

The SC had, vide its letter dated 17 December 2020, approved the resultant equity structure of Volcano under the equity requirement for public listed companies pursuant to our Listing. The approval from the SC is subject to the following condition: -

No.	Details of the Condition Imposed	Status of Compliance
1.	Volcano allocating shares equivalent to at least 12.5% of its enlarged issued share capital at the point of listing to Bumiputera investors. This includes the shares offered under the balloted public offer portion, of which at least 50% are to be offered to Bumiputera public investors.	To be complied.

The effect of the Listing on the equity structure of Volcano are as follows: -

Category of shareholders	As at 6 November 2020		After the Listing	
	No. of Shares	% of number of issued shares	No. of Shares	% of enlarged number of issued shares
Bumiputera				
- Malaysian public via balloting	-	-	4,125,000	2.50
- Bumiputera investors approved by the MITI	-	-	20,625,000	12.50
Total Bumiputera	-	-	24,750,000	15.00
Non-Bumiputera	140,000,000	100.00	140,250,000	85.00
Malaysians	140,000,000	100.00	165,000,000	100.00
Foreigners	-	-	-	-
Total	140,000,000	100.00	165,000,000	100.00

2.1.3 Approval from MITI

MITI had, vide its letter dated 1 July 2019, taken note and has no objection on the Listing.

On 4 November 2020, TA Securities had on behalf of Volcano submitted an application for a revised listing scheme for Volcano to MITI. MITI had, vide its letter dated 25 November 2020, taken note and has no objection on the revised listing scheme.

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2. APPROVALS AND CONDITIONS (*cont'd*)

2.2 MORATORIUM ON OUR SHARES HELD BY OUR PROMOTERS

Pursuant to Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows: -

- (a) the moratorium applies to the entire shareholdings of our Promoters for a period of six (6) months from the date of our admission to the Official List;
- (b) upon expiry of the six (6) months period stated above, our Company must ensure that our Promoters' aggregate shareholdings amounting to at least 45.00% of the total number of issued Shares remain under moratorium for another period of six (6) months; and
- (c) thereafter, our Promoters may sell, transfer or assign up to a maximum of one-third (1/3rd) per annum (on straight line basis) of our Shares held under moratorium.

Details of our Promoters' Shares which will be subject to the abovesaid moratorium are set out as follows: -

Promoters	Held under moratorium for the first six (6) months upon Listing		Held under moratorium for the subsequent six (6) months	
	No. of Shares	(%) ^(a)	No. of Shares	(%) ^(a)
Datuk Ch'ng Huat Seng	28,000,000	16.97	28,000,000	16.97
Gan Yew Thiam	21,000,000	12.73	21,000,000	12.73
Dato' Wong Tze Peng	24,500,000	14.85	24,500,000	14.85
Yeap Guan Seng	10,500,000	6.36	10,500,000	6.36
Khoo Boo Wui	21,000,000	12.73	21,000,000	12.73
Total	105,000,000	63.64	105,000,000	63.64

Note: -

(a) Based on our enlarged number of 165,000,000 Shares after the IPO.

Our Promoters have provided written undertakings that: -

- (i) they will not sell, transfer or assign their entire shareholdings for a period of six (6) months from the date of our admission to the Official List;
- (ii) upon expiry of the six (6) months period stated above, their aggregate shareholdings amounting to 63.64% (18.64% above the minimum requirement of 45.00%) of the Company's enlarged issued share capital after the Listing will remain under moratorium for another period of six (6) months;
- (iii) thereafter, they may sell, transfer or assign up to a maximum of one-third (1/3rd) per annum (on straight line basis) of their Shares held under moratorium; and
- (iv) they will comply with the moratorium requirements for the period as set out in Rule 3.19(1) of the Listing Requirements.

The moratorium restriction, which is fully accepted by the above Promoters, are specifically endorsed on the share certificates representing the Shares held by our Promoters which are under moratorium to ensure that our Share Registrar does not register any transfer that contravenes such restriction.

3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL STATISTICS RELATING TO OUR IPO

The following statistics relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with the text: -

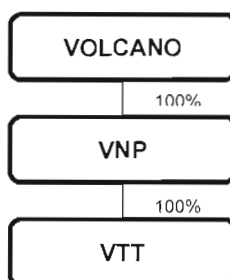
	Note	No. of Shares
No. of issued Shares as at the date of this Prospectus		140,000,000
No. of Shares to be issued under the Public Issue		25,000,000
Enlarged no. of issued Shares upon Listing	(A)	165,000,000
New Shares to be issued assuming full exercise of the ESOS Options	(B)	49,500,000
Enlarged no. of issued Shares assuming full exercise of the ESOS Options	(A)+(B)	214,500,000
No. of Shares to be offered under the Offer for Sale		35,000,000
IPO Price per Share	(C)	RM0.35
Market capitalisation (upon Listing based on IPO Price)	(A) X (C)	RM57,750,000

Further details of our IPO and the moratorium imposed on our Promoters are set out in Sections 2.2 and 4.4 of this Prospectus.

3.2 BUSINESS MODEL

Our Company was incorporated in Malaysia under the Act on 2 February 2018 as a public limited company under our present name as a listing vehicle to undertake the Listing. Our Company is an investment holding company. As at the LPD, our Group structure is as follows:

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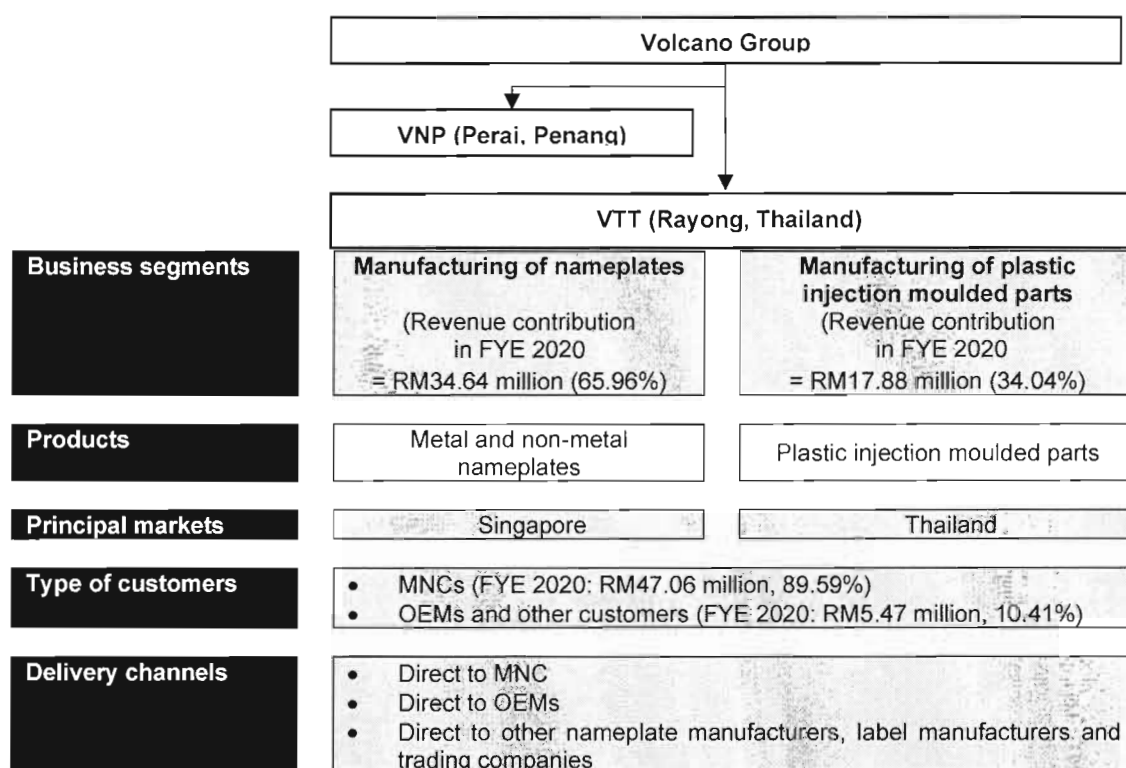


Our Group is principally involved in the manufacturing of parts and components used in the E&E and automotive industries, namely: -

- (i) Manufacturing of nameplates; and
- (ii) Manufacturing of plastic injection moulded parts.

We carry out the manufacturing of nameplates at our head office and factory in Perai, Penang, as well as at our factory in Rayong, Thailand. The manufacturing of plastic injection moulded parts is carried out at our factory in Rayong, Thailand.

3. PROSPECTUS SUMMARY (cont'd)



We mostly manufacture and sell directly to our MNC customers whereby an average of 90.08% of our revenue was derived from our MNC customers for the past three (3) FYE 2018 to FYE 2020.

Please refer to Section 7.2.3 of this Prospectus for further information on our business model.

3.3 COMPETITIVE STRENGTHS

We believe that our historical success and future prospects are underpinned by the following competitive strengths: -

- (a) We manufacture products that support the development in end-user markets, in particular E&E and automotive;
- (b) We are able to manufacture both nameplates and plastic injection moulded parts for our customers in one location as our factory in Rayong, Thailand has the required machinery and equipment as well as labour resources to manufacture both nameplates and plastic injection moulded parts;
- (c) We offer a wide range of methods in manufacturing nameplates comprising laser cutting and stamping processes which include blanking, forming, forging, deep drawing, embossing, debossing and die-cutting, as well as various printing methods such as silk screen printing, tampo printing and offset printing;
- (d) We have a strong customer portfolio of MNCs which include, amongst others, Hewlett Packard, Fisher & Paykel Thailand, Donaldson Thailand, Sharp Indonesia and Panasonic Thailand;
- (e) We have a team of experienced and committed key senior management personnel with operational expertise and in-depth knowledge of manufacturing of nameplates and plastic injection moulded parts; and
- (f) We have established long-standing business relationships with our customers and suppliers throughout the years which have continued to support the growth of our business.

Please refer to Section 7.19 of this Prospectus for further details on our competitive strengths.

3. PROSPECTUS SUMMARY *(cont'd)*

3.4 BUSINESS STRATEGIES

Our Group intends to focus on the following business strategies for the future growth and expansion of our business: -

(a) We intend to improve the efficiency and capabilities of our nameplate manufacturing process through the purchase of additional laser cutting machines and pick and paste machines

We intend to further increase our capacity through the purchase of an additional six (6) units of laser cutting machines from the proceeds of our Public Issue. We have purchased additional four (4) units of laser cutting machines using our internally-generated funds (of which two (2) units of laser cutting machines were delivered on 22 January 2021 and one (1) unit of laser cutting machine was delivered on 11 February 2021, whilst the remaining one (1) unit of laser cutting machine will be delivered by the second quarter of FYE 2021). With the additional four (4) units of laser cutting machines, the production capacity will be increased to 41,590,000 units per year representing an increase of 28.57% or 9,242,000 units. The purchase of the additional six (6) units of laser cutting machines using the proceeds from our Public Issue will further increase our laser cutting production capacity by approximately 33.33% or 13,863,000 units from 41,590,000 units to 55,453,000 units per year. The Group will allocate approximately 280 sq. ft. of existing floor space at our factory in Perai, Penang to place the six (6) units of laser cutting machines.

We also intend to automate processes involving manual labour of picking and pasting different components of our nameplates to form final nameplates that are outputs from the stamping machines via the purchase of five (5) units of pick and paste machines for our factory in Perai, Penang. The Group will allocate approximately 420 sq. ft. of existing floor space at our factory in Perai, Penang to place the five (5) units of pick and paste machines.

The total cost of acquiring these six (6) units of laser cutting machines will be approximately RM3.55 million while the total cost of acquiring the five (5) units of pick and paste machines will be approximately RM2.00 million, which we intend to fund via proceeds from the Public Issue. We expect the laser cutting machines and pick and paste machines to be purchased and installed within twenty-four (24) months of our Listing.

(b) We intend to expand our plastic injection moulded parts manufacturing business with the purchase of additional plastic injection moulding machines

We intend to acquire an additional five (5) units of plastic injection moulding machines ranging from 350 MT to 800 MT to expand our manufacturing capacity and purchase of additional higher tonnage plastic injection moulding machines which enable us to expand our manufacturing capacity to cater for larger plastic injection moulded parts.

Among the additional five (5) units of plastic injection moulding machines, two (2) new units of plastic injection moulding machines with higher tonnages of 350 MT and 380 MT respectively will replace our two (2) existing units of plastic injection moulding machines of 25 MT and 50 MT respectively purchased in 2010 which are prone to break downs and will be disposed of.

The production capacity with the acquisition of additional five (5) units of plastic injection moulding machines will increase our capacity by 15.65% or 1,677,456 units from 10,717,000 units per year in FYE 2020 to 12,394,456 units per year.

The total cost of acquiring these five (5) units of plastic injection moulding machines will be approximately RM2.30 million which is expected to be funded via our internally-generated funds. We will carefully consider the funding options available and the relevant cost and benefits of each option for the acquisition of the plastic injection moulding machines. We expect the plastic injection moulding machines to be purchased and installed at our factory in Rayong, Thailand within thirty-six (36) months of our Listing.

3. PROSPECTUS SUMMARY *(cont'd)*

(c) We plan to expand our factory in Rayong, Thailand in anticipation of the growth of our business

We intend to expand our factory in Rayong, Thailand by building a single-storey high ceiling factory annexed with the existing factory with a built-up area of approximately 10,086 sq. ft. to place the five (5) new units of plastic injection moulding machines as set out in Section 3.4(b) above.

The total cost of the building expansion is expected to cost approximately RM4.81 million which is expected to be funded via our internally-generated funds. We will carefully consider the funding options available and the relevant cost and benefits of each option for the factory expansion in Rayong, Thailand. We expect to complete the expansion works within thirty-six (36) months upon Listing.

(d) We plan to expand our presence in the E&E and automotive industries in Thailand

We intend to expand our presence in the E&E and automotive industries in Thailand within the next thirty-six (36) months after our Listing by actively pursuing the opportunities in the manufacturing of nameplates and plastic injection moulded parts through participation in external events and exhibitions where we can showcase the advantages and benefits of our solutions as well as leveraging on our existing business relationships with our customers and business associates in Thailand which will be funded by our internally-generated funds. At present, the sales and marketing strategies that we adopt are direct approach through our sales representatives where we have established a sales and marketing division in Thailand, securing new customers through referrals and promoting our products through our corporate website.

While the plastic injection moulding industry in Thailand is competitive due to the large number of industry players and fragmented nature, plastic injection moulded parts can cater for a wide range of end-user industries, such as the E&E, automotive, medical, aerospace, packaging, manufacturing, telecommunications and office supply industries owing to their relatively low cost, ease of manufacture, versatility and waterproof properties. As such, there will be continuous demand for plastic injection moulded parts to support the manufacturing of various E&E, automotive and other consumer products.

Further details on our business strategies are set out in Section 7.20.1 of this Prospectus.

3.5 INTERRUPTION TO OUR BUSINESS AND OPERATIONS

Impact of the outbreak of the Covid-19 and MCO on our Group's business operations

The outbreak of the Covid-19 in early 2020 has affected the operations of VNP and VTT. The quarantine in Wuhan city which was then extended to several other cities in China and the extension of the Lunar New Year 2020 holiday in China due to the Covid-19 (e.g., from 23 January 2020 to 14 February 2020) caused a disruption to our operations resulting in VNP recording lesser orders due to the closure of one of our major customers', (namely HP) OEM in China and has also delayed the shipment of our nameplates products to them. As at 31 December 2020, we have completed the shipment of the nameplates products without any imposition of penalty to VNP by our customers for late delivery. Nevertheless, the disruption arising from the closure of HP's OEM in China due to lockdown in China has resulted in VNP recording lesser orders during the aforesaid period.

The operations of VNP was halted from 18 March 2020 to 3 April 2020. With the approval from MITI dated 3 April 2020, we resumed operations of VNP at 50% of our workforce capacity on 6 April 2020 and resumed to full capacity on 30 April 2020 in compliance with the SOP required by MITI.

3. PROSPECTUS SUMMARY (*cont'd*)

The temporary full and partial closure during the MCO had affected our operations by delaying the production of our products and limitations in carrying out face-to-face communication with our customers to promote and market our Group's products and services.

In Thailand, the government has also declared a State of Emergency which provides the government with the authority to impose curfews, restrictions on movements of goods, livestock and persons, closures, suspension, or restrictions in operating hours of certain business activities, prohibition or restrictions on certain non-commercial activities, for the purpose of preventing the spread of communicable disease. This State of Emergency was announced and entered into effect on 26 March 2020, and has since been extended to 31 March 2021. Several rounds of easing measures were announced between 1 May 2020 and up until the LPD, whereby there have been several relaxations of prohibitions or limitations on conducting or carrying out certain activities. The operations of VTT was not affected as manufacturing factories in Thailand are allowed to operate during the period of the State of Emergency while complying with the control measures issued by the Ministry of Industry of Thailand.

Notwithstanding the above, some of VTT's customers have implemented between one (1) to two (2) weeks of voluntary closure in April 2020 as precautionary measures. The closure of our customers' operations (i.e., 6 April 2020 - 17 April 2020) had led to delays in delivery of finished products. As at 31 December 2020, we have delivered the products and fulfilled the orders when our customers resumed operations. Nevertheless, the disruption arising from the voluntary closure of our customers in Thailand and a general decline in demand due to the Covid-19 pandemic has resulted in VTT recording lesser revenue.

Given that our Group has manufacturing facilities of nameplates in Malaysia and Thailand, the dual geographical presence allows for the continuity of our Group's business operations in the event that the operations of either factory is disrupted. As at 31 December 2020, we have fulfilled all backlog orders by operating overtime and simplifying certain manufacturing processes such as undertaking sampling for their products for quality control.

As at the LPD, our Group has not experienced disruptions in the supply of raw materials or additional processes by our local subcontractors arising from the imposed mandatory movement and business operations restrictions due to Covid-19 as we have a buffer inventory of the required raw materials and materials from our subcontractors to support our production.

Save for the temporary closure of operations of VNP in Malaysia during the MCO period and the condition imposed to reduce our employees to a minimum level for the operations or to reduce approximately 50% of our operations workforce, we have not experienced any interruption in business which had a significant effect on our operations during the twelve (12)-month period prior to the date of this Prospectus.

In view of the increasing number of Covid-19 cases in several states in Malaysia, the Government has re-imposed the MCO and conditional MCO in most of the states and federal territories for different durations between 13 October 2020 and 18 February 2021. On 16 February 2021, the Government announced an extension of the MCO for the states of Selangor, Johor and Penang and the Federal Territory of Kuala Lumpur from 19 February 2021 until 4 March 2021. On 2 March 2021, the Government announced that the MCO for the states of Selangor, Johor and Penang and the Federal Territory of Kuala Lumpur will be lifted and these states will be placed under the conditional MCO from 5 March 2021 to 18 March 2021. However, as VNP was allowed to operate with full capacity in compliance with the SOP required by MITI during the aforesaid period, there were no interruptions in VNP's operations and financial performance up to the LPD. Moving forward, we expect our financial condition to remain positive in tandem with our prospects in the end-user industries especially in the E&E industry.

We have also complied with the mandatory screening of foreign employees. All our foreign employees had, on 15 December 2020 undergone the Covid-19 screening and none of them are infected. As at the LPD, there are no suspected or confirmed cases of Covid-19 among our employees. Further details are set out in Section 7.13 of this Prospectus.

3. PROSPECTUS SUMMARY (cont'd)

3.6 RISK FACTORS

Before investing in our IPO Shares, you should carefully consider, along with other information contained in this Prospectus, the following material risk factors relating to our business and operations as set out in Section 9 of this Prospectus, which are summarised below: -

- (i) We are dependent on the continuous employment and performance of our Executive Directors and key senior management personnel for their respective expertise in contributing to the Group. The loss of any of our Executive Directors and key senior management personnel could adversely affect our continued ability to manage our operations effectively and competitively;
- (ii) We are dependent on our major customers and do not have any long-term contract with our customers. The loss of any major customers and/or the inability to secure new purchase orders from new customers may adversely impact our Group's operating results;
- (iii) We are dependent on our ability to continuously and consistently meet customers' expectations. Should we fail to meet customers' specification or expectation, our business and financial conditions may be adversely affected;
- (iv) We may be affected by the outcome of tax review by IRB on the tax filing of VNP. Any additional payment and/or penalties arising therefrom may affect our Group's financial performance;
- (v) We may be exposed to fluctuation in our financial performance. We may not be able to sustain our historical profitability margins for various reasons which may include, amongst others, the deterioration in the business conditions of our principal markets, intensification of competition, reducing orders from our customers, cessation of supply with customers and other unforeseen factors, which may reduce the sales orders awarded to us, and/or reduce our profitability;
- (vi) We may be exposed to fluctuations in prices of raw materials as our raw materials are sourced from Malaysia and overseas. Any rise in our raw materials prices will result in lower operating margin to our Group if we are unable to reflect the increased cost in the selling price of our finished products;
- (vii) We are exposed to fluctuations in exchange rates as part of our Group's revenue and purchases are denominated in foreign currencies. Any significant fluctuations in exchange rates, particularly the USD and THB, may have a significant impact on our revenue and cost of sales as they are required to be stated in RM in our financial statements;
- (viii) Our business is exposed to sudden and unexpected equipment failures which may lead to production curtailments or shutdowns. These unexpected events may cause interruptions in our business operations which will affect our production schedules and timely delivery of our products to our customers;
- (ix) We rely on foreign workers in our manufacturing operations. If foreign worker permit or visa policies in Malaysia, or in the countries in which we employ our foreign workers from, were to change in any way resulting in difficulties for our Group to maintain a sufficient foreign labour workforce, our business, results of operations and financial condition would be materially and adversely affected;
- (x) We do not retain the ownership of the moulds used for manufacturing of our plastic injection moulded parts. In this regard, our sales will be affected in the event our customer transfer the moulds to other plastic injection moulding manufacturers to produce their products;
- (xi) We are subject to credit risks based on the credit periods granted to our customers which are between 30 days and 120 days. If our customers delay or default on payment, we will have to make allowance for impairment on uncollectible trade receivables or may be required to write-off uncollectible trade receivables as bad debts, which may in turn, adversely affect our financial performance;
- (xii) Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations. Although the Group reviews our insurance policies on a regular basis to ensure there is adequate insurance coverage on our assets, there can be no assurance that the said coverage would be sufficient for the replacement cost of our assets or from any consequential losses arising therefrom;
- (xiii) We are subject to risks relating to the economics, political, legal, regulatory or social environment in the markets in which we operate. Any adverse developments or

3. PROSPECTUS SUMMARY (cont'd)

- uncertainties including, amongst others, changes in political conditions, governmental policies and regulations, fiscal and monetary policies, import and export restrictions, duties and tariffs, foreign exchange, civil unrest, unemployment, inflation and outbreak of infectious disease, could adversely impact our financial performance; and
- (xiv) We are affected by an occurrence of force majeure events such as adverse weather, natural disasters and/or outbreak of infectious disease which cause our production facility to be incapable of normal capacity and our employees being unable to conduct their work as usual. In view of the recent global pandemic Covid-19, any adverse and prolonged development arising from the pandemic may significantly affect the economic, financial and political conditions across the world and the occurrence of unforeseen disruptive events regionally or globally that are beyond our Group's control.

Further details on risk factors are set out in Section 9 of this Prospectus.

3.7 DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL

Our Directors and key senior management personnel are as follows: -

Name	Designation
Directors	
Wong Wan Chin, D.J.N	Independent Non-Executive Chairman
Datuk Ch'ng Huat Seng	Managing Director
Gan Yew Thiam	Executive Director
Dato' Wong Tze Peng	Executive Director
Yeap Guan Seng	Executive Director
Khoo Boo Wui	Executive Director/Chief Financial Officer
Tan Yen Yeow	Independent Non-Executive Director
Hing Poe Pyng	Independent Non-Executive Director
Key senior management personnel	
Lim Kee Wei	QA Manager
Rajendran A/L Masilamany	Production Manager
Cheng Su Ying	Finance and Administration Manager

Further details of our Directors and key senior management personnel are set out in Sections 5.2.2 and 5.3.3 of this Prospectus.

3.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Our Promoters and substantial shareholders are set out as below: -

Promoters and Substantial shareholders	Nationality	Before our IPO ⁽ⁱ⁾		After our IPO ⁽ⁱⁱ⁾	
		No. of Shares held	(%)	No. of Shares held	(%)
Datuk Ch'ng Huat Seng	Malaysian	35,000,000	25.00	28,000,000	16.97
Gan Yew Thiam	Malaysian	35,000,000	25.00	21,000,000	12.73
Dato' Wong Tze Peng	Malaysian	24,500,000	17.50	24,500,000	14.85
Yeap Guan Seng	Malaysian	21,000,000	15.00	10,500,000	6.36
Khoo Boo Wui	Malaysian	24,500,000	17.50	21,000,000	12.73
Total		140,000,000	100.00	105,000,000	63.64

Notes: -

(i) After completion of the Acquisition of VNP, the transfer of subscribers' shares in Volcano to Khoo Boo Wui and the Share Consolidation before the IPO.

(ii) Based on our enlarged number of 165,000,000 Shares after our IPO.

Further details of our Promoters and substantial shareholders are set out in Section 5.1.2 of this Prospectus.

3. PROSPECTUS SUMMARY (cont'd)

3.9 UTILISATION OF PROCEEDS

We expect to raise gross proceeds of RM8.75 million from the Public Issue and intend for the proceeds to be utilised in the manner set out below: -

Details of utilisation	(RM'million)	Percentage of gross proceeds (%)	Estimated timeframe for utilisation upon Listing
Purchase of machineries and equipment	5.55	63.43	Within 24 months
Estimated listing expenses	3.20	36.57	Immediately
Total	8.75	100.00	

The gross proceeds of RM12.25 million from the Offer for Sale will accrue entirely to the Selling Shareholders. Therefore, we will not receive any proceeds from the Offer for Sale. Further details on the utilisation of proceeds are set out in Section 4.10 of this Prospectus.

3.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

3.10.1 Historical audited financial statements

The following table sets out the financial highlights of our historical audited financial statements for the FYE 2018 to FYE 2020: -

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
Revenue	58,649	55,892	52,527
GP	18,973	17,131	15,139
PBT	8,681	6,481	4,257
PAT ⁽ⁱ⁾	6,952	4,780	3,383
EBITDA	10,870	8,587	6,704
GP margin (%)	32.35	30.65	28.82
PBT margin (%)	14.80	11.60	8.10
PAT margin (%)	11.85	8.55	6.44
Basic EPS (sen) ⁽ⁱⁱ⁾	4.97	3.41	2.42
Diluted EPS (sen) ⁽ⁱⁱⁱ⁾	4.21	2.90	2.05

Notes: -

- (i) Inclusive of IPO expenses of approximately RM0.84 million, RM0.61 million and RM0.45 million which were incurred in the FYE 2018, FYE 2019 and FYE 2020 respectively. Without the IPO expenses, the PAT of our Group is RM7.79 million, RM5.39 million and RM3.83 million which translates to a PAT margin of 13.28%, 9.64% and 7.29% for FYE 2018, FYE 2019 and FYE 2020 respectively.
- (ii) Basic EPS is computed based on PAT attributable to owners of our Company divided by our number of 140,000,000 Shares after completion of Acquisition of VNP, the transfer of subscribers' shares in Volcano to Khoo Boo Wui on 2 March 2018 and the Share Consolidation.
- (iii) Diluted EPS is computed based on PAT attributable to owners of our Company divided by our enlarged number of 165,000,000 Shares after the IPO.

During the Financial Years Under Review, we recorded a decrease in revenue by RM2.76 million or 4.71% in FYE 2019 and RM3.36 million or 6.01% in FYE 2020. In FYE 2019, the revenue from the nameplates segment and plastic injection moulded parts decreased by 3.28% and 7.07% respectively. In FYE 2020, the revenue from the nameplates segment and plastic injection moulded parts decreased by 2.89% and 11.62% respectively.

On an overall basis, the decline in the revenue of the Group was partly contributed by lower demand from one of our major customers, namely HP as a result of the changes in sales mix towards non-metal nameplates with lower average selling prices and disruption of operations caused by the outbreak of Covid-19 and MCO. Please refer to Section 11.1.1 of this Prospectus for further details.

3. PROSPECTUS SUMMARY (cont'd)

None of the financial statements of the companies within our Group were subject to any audit qualification for the FYE 2018 to FYE 2020.

3.10.2 Proforma consolidated statements of financial position

The following table sets out a summary of the proforma consolidated statements of financial position of our Group based on our audited statements of financial position as at 31 December 2020 to show the effects of Public Issue and the utilisation of proceeds.

The proforma consolidated statements of financial position is presented for illustrative purposes only and should be read in conjunction with the Proforma Consolidated Financial Information set out in Section 13 of this Prospectus.

	Audited as at 31 December 2020 (RM'000)	Proforma I	Proforma II	Proforma III
		After the Public Issue (RM'000)	After Proforma I and the Utilisation of Proceeds (RM'000)	After Proforma II and granting of ESOS (RM'000)
ASSETS				
Total non-current assets	29,544	29,544	29,544	29,544
Total current assets	44,860	53,610	52,160	52,160
TOTAL ASSETS	74,404	83,154	81,704	81,704
EQUITY AND LIABILITIES				
Share capital	70,000	78,750	78,265	78,265
Exchange reserve	8,202	8,202	8,202	8,202
Reorganisation reserve	(68,000)	(68,000)	(68,000)	(68,000)
Share option reserve	-	-	-	7,390 ^(iv)
Retained earnings	57,170	57,170	56,205	48,815
Total equity attributable to owners of Volcano	67,372	76,122	74,672	74,672
Total non-current liabilities	785	785	785	785
Total current liabilities	6,247	6,247	6,247	6,247
TOTAL LIABILITIES	7,032	7,032	7,032	7,032
TOTAL EQUITY AND LIABILITIES	74,404	83,154	81,704	81,704
Number of ordinary shares issued/assumed to be in issued ('000)	140,000	165,000	165,000	165,000
NA attributable to owners of the Company (RM'000)	67,372	76,122	74,672	74,672
NA per Share (RM)	0.48	0.46	0.45	0.45
Borrowings (all interest bearing debts)	-	-	-	-
Current ratio (times) ⁽ⁱⁱ⁾	7.18	8.58	8.35	8.35
Gearing (times) ⁽ⁱⁱⁱ⁾	-	-	-	-

Notes: -

(i) The adjustment arose from the share consolidation undertaken by Volcano on 18 May 2020.

(ii) Calculated based on total current assets divided by total current liabilities.

(iii) Calculated based on total borrowings divided by the total equity.

(iv) Arising from the assumption that the Company has granted 49,500,000 Shares, representing 30% of the enlarged share capital of Volcano comprising 165,000,000 Shares at a subscription price equivalent to the issue price of each IPO Share at RM0.35. The ESOS Options are assumed to have a fair value of RM0.1493 each.

3. PROSPECTUS SUMMARY *(cont'd)*

3.11 DIVIDEND POLICY

It is our Board's policy to recommend and distribute a dividend of at least 30% of our annual audited PAT to shareholders of our Company. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any distribution of the final dividends for the year is subject to our shareholders' approval.

Our ability to declare dividends or make other distributions to our shareholders in the future years will depend upon various factors, including but not limited to, our Group's cash flows requirements for operations, financing commitments and capital expenditure, availability of adequate distributable reserves, financial performance and any other factors considered relevant by our Board.

During the Financial Years Under Review, we have declared and paid dividends to our shareholders as follows: -

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
Dividends declared and paid	4,000	2,000	3,100
PAT	6,952	4,780	3,383
Dividend payout ratio (%)	57.54	41.84	91.63

Subsequent to the Financial Years Under Review and up to the LPD, there was no dividend declared or payable by our Group.

You should note that this dividend policy merely describes our Group's present intention and shall not constitute legally binding statements in respect of our Group's future dividends that are subject to modification at our Board's discretion.

Detailed information on our dividend policy is set out in Section 11.14 of this Prospectus.

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4. PARTICULARS OF OUR IPO

4.1 INTRODUCTION

This Prospectus is dated 16 March 2021.

We have registered a copy of this Prospectus together with the Application Forms with the SC. We have also lodged a copy of this Prospectus together with the Application Forms with the ROC and neither the SC nor the ROC takes any responsibility for contents of this Prospectus.

We have obtained Bursa Securities' approval vide its letter dated 2 November 2020 for the admission of our Company to the Official List of the ACE Market of Bursa Securities and for the listing of and quotation of our Company's entire issued share capital, including the Offer Shares which are the subject of this Prospectus, on the ACE Market of Bursa Securities. Our Shares will be admitted to the Official List of the ACE Market of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all the IPO Shares have been credited into the respective CDS accounts of the successful applications and the notices of allotment have been issued and despatched to all successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as a "prescribed security". Consequently, the Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealing in these Shares will be carried out in accordance with the SICDA and the Rules of Bursa Depository. We will not issue any share certificate to the successful applicants.

Pursuant to the Listing Requirements, our Company is required to comply with the public spread requirements as determined by Bursa Securities. Pursuant to which our Company is required to have a minimum of 25% of our Shares for which Listing is sought to be held by at least 200 public shareholders holding not less than 100 Shares each upon completion of our IPO and at the time of Listing. Our Company is expected to achieve this at time of Listing. In the event that above requirement is not met, our Company may not be permitted to proceed with the Listing. In such event, monies paid in respect of all applicants will be returned in full without interest and if such monies are not returned in full within fourteen (14) days after our Company becomes liable to do so, the provisions of sub-sections 243(2) and 243(6) of the CMSA shall apply accordingly.

Person submitting applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS account. If you do not presently have a CDS account, you must open a CDS account at an ADA before making an application for our IPO Shares.

In the case of an application by way of Application Form, you should state your CDS account number in the space provided in the Application Form.

In the case of an application by way of Electronic Share Application, only an applicant who has a CDS account number can make an Electronic Share Application and you shall furnish your CDS account number to the Participating Financial Institutions by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your electronic Share Application require you to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS account opened with the Internet Participating Financial Institutions can make an Internet Share Application. Arising therewith, your CDS account number will automatically appear in the electronic IPO online application form.

4. PARTICULARS OF OUR IPO (cont'd)

A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application. Please refer to Section 16 of this Prospectus for further details on the procedure for Application and acceptance for the IPO Shares.

You should rely only on the information contained in this Prospectus or any applicable Prospectus supplement. Neither we nor our advisers have authorised anyone to provide you with information that is different and which is not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstance, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any material change or development affecting a matter disclosed in this Prospectus from the date of registration of this Prospectus up to the date of the Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provision of Section 238 of the CMA.

The distribution of this Prospectus and the offer of the IPO Shares in other jurisdictions outside Malaysia may be restricted by the law. If you have come into possession of this Prospectus, we require you to inform yourself of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to buy any IPO Share in any jurisdiction or circumstance in which such invitation is not authorised or unlawful, or to any person to whom it is unlawful to make such invitation.

The SC and Bursa Securities assume no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the ACE Market of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares and/or our IPO.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND AN INVESTMENT IN US. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN DOUBT ABOUT THIS PROSPECTUS, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS BEFORE APPLYING FOR OUR SHARES.

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4. PARTICULARS OF OUR IPO (cont'd)**4.2 OPENING AND CLOSING OF APPLICATION PERIOD**

The Application period will open at 10.00 a.m. on 16 March 2021 and will remain open until 5.00 p.m. on 24 March 2021. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.3 TENTATIVE TIMETABLE

The following events are intended to take place on the following tentative dates: -

Events	Dates
Issue of Prospectus/Opening date for the IPO	16 March 2021/ 10.00 a.m.
Closing date of the IPO	24 March 2021/ 5.00 p.m.
Tentative date for balloting of applications	26 March 2021
Tentative date for allotment of IPO Shares	2 April 2021
Tentative listing date	6 April 2021

Should the closing date of the application of our IPO be extended, we will advertise a notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original closing date of applications for our IPO. Following this, the dates for the balloting of applications for the Public Issue Shares, allotment of the Offer Shares and Listing would be extended accordingly.

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4. PARTICULARS OF OUR IPO (cont'd)

4.4 DETAILS OF OUR IPO

Our IPO consists of the Public Issue and Offer for Sale, totalling up to 60,000,000 IPO Shares at the IPO Price, payable in full on application and is subject to the terms and conditions of this Prospectus. Upon acceptances, the IPO Shares are expected to be allocated in the manner described below, subject to the underwriting arrangement as set out in Section 4.4.3 of this Prospectus.

The table sets out below is the summary of the allocations of IPO Shares: -

	Public Issue		Offer for Sale		Total	
	No. of Shares ('000)	% of enlarged number of issued Shares	No. of Shares ('000)	% of enlarged number of issued Shares	No. of Shares ('000)	% of enlarged number of issued Shares
Malaysian Public	8,250*	5.00	-	-	8,250*	5.00
Eligible Directors, key senior management personnel, employees and business associates	8,250	5.00	-	-	8,250	5.00
Private Placement						
- Identified investors	8,500	5.15	14,375	8.71	22,875	13.86
- Bumiputera investors	-	-	20,625	12.50	20,625	12.50
Total	25,000	15.15	35,000	21.21	60,000	36.36

Note: -

* 50% of this amount shall be made available to public Bumiputera investors.

4.4.1 Public Issue

Our Public Issue of 25,000,000 Public Issue Shares, representing approximately 15.15% of our enlarged number of issued Shares at the IPO Price, is subject to the terms and conditions of this Prospectus and shall be allocated in the following manner: -

(a) Malaysian Public

8,250,000 Public Issue Shares, representing 5.00% of our enlarged number of issued Shares, will be made available for application by the Malaysian Public by way of balloting, of which 50% of this amount representing 4,125,000 Public Issue Shares shall be made available to public Bumiputera investors.

(b) Eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to the success of our Group)

In recognition of the contributions by the eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to the success of our Group), we have reserved 8,250,000 Public Issue Shares (being the Pink Form Allocation) representing approximately 5.00% of our Company's enlarged number of issued Shares for subscription by them as follows: -

4. PARTICULARS OF OUR IPO (cont'd)

Category	No. of Persons	Aggregate no. of Pink Form Allocation
Directors ^{(1) (2)}	3	3,000,000
Key senior management personnel ^{(1) (2)}	3	300,000
Employees and business associates (including any other persons who have contributed to our success) ⁽³⁾	120	4,950,000
Total	126	8,250,000

Notes: -

- (1) The criteria for allocation to our Directors and key senior management personnel are based on, amongst others, their respective roles, responsibilities and length of service in our Group.
- (2) The number of Public Issue Shares to be allocated to our Directors and key senior management personnel is as follows: -

Directors	Designation	No. of Shares allocated
Wong Wan Chin, D.J.N	Independent Non-Executive Chairman	1,000,000
Tan Yen Yeow	Independent Non-Executive Director	1,000,000
Hing Poe Pyng	Independent Non-Executive Director	1,000,000
Total		3,000,000

Key senior management personnel	Designation	No. of Shares allocated
Lim Kee Wei	QA Manager	100,000
Rajendran A/L Masilamany	Production Manager	100,000
Cheng Su Ying	Finance and Administration Manager	100,000
Total		300,000

- (3) The criteria for allocation to our eligible employees (as approved by our Board) are based on, inter-alia, the following factors: -
- (a) must be a full time employee of at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) with the exception of the non-executive Director(s), he/she is employed on full time basis and who has been confirmed in service; and
- (c) the number of Public Issue Shares allocated to our eligible employees are based on their seniority, job grading, length of service and/or their respective contribution made to our Group as well as other factors deemed relevant to our Board.

The criteria for allocation to our business association (including any other persons who have contributed to our success) are based on their contribution, length of relationship and support to the growth of our Group.

Any unsubscribed Pink Form Allocations will be re-offered to our Group's other eligible Directors (other than the Selling Shareholders), employees and business associates (including any other persons who have contributed to the success of our Group) before being re-allocated to the Malaysian Public on a fair and equitable manner and/or identified investors via private placement.

(c) Private placement

8,500,000 Public Issue Shares, representing approximately 5.15% of our enlarged number of issued Shares, will be made available for application by way of private placement to identified investors.

4. PARTICULARS OF OUR IPO *(cont'd)*

4.4.2 Offer for Sale

The Selling Shareholders will offer 35,000,000 Offer Shares, representing approximately 21.21% of our enlarged number of issued Shares at the IPO Price, by way of private placement in the following manner: -

- (i) 14,375,000 Offer Shares, representing approximately 8.71% of our enlarged number of issued Shares, shall be made available to identified investors; and
- (ii) 20,625,000 Offer Shares, representing approximately 12.50% of our enlarged number of issued Shares, shall be made available to identified Bumiputera investors approved by MITI.

In the event 20,625,000 Offer Shares made available to identified Bumiputera investors approved by MITI are not fully subscribed, the remaining portion will be clawed-back and be re-allocated to the institutional investors by way of private placement. Subsequently, any of the Offer Shares that are not taken up shall be made available for application by the public Bumiputera investors as part of the balloting process. Any further Offer Shares which are not taken up by the public Bumiputera investors will be made available for application by the Malaysian Public under Section 4.4.1(a) of this Prospectus and/or private placement to identified investors under Section 4.4.1(c) of this Prospectus.

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4. PARTICULARS OF OUR IPO (cont'd)

The details of our Selling Shareholders are as follows: -

Selling Shareholders	Material relationship with our Group	Before IPO ⁽ⁱ⁾ /As at the LPD		Offer for Sale ⁽ⁱⁱ⁾		After IPO ⁽ⁱⁱⁱ⁾	
		No. of Shares	(%)	No. of Shares	(%) ⁽ⁱⁱⁱ⁾	No. of Shares	(%)
Datuk Ch'ng Huat Seng 11 Jalan Legenda 1, 11960 Bayan Lepas, Pulau Pinang	Promoter, substantial shareholder and Managing Director	35,000,000	25.00	7,000,000	4.24	28,000,000	16.97
Gan Yew Thiam No. 23, Lorong 2/Ss 5 Bandar Tasek Mutiara 14120 Simpang Ampat Pulau Pinang	Promoter, substantial shareholder and Executive Director	35,000,000	25.00	14,000,000	8.49	21,000,000	12.73
Yeap Guan Seng 1057, Jalan Besar, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang	Promoter, substantial shareholder and Executive Director	21,000,000	15.00	10,500,000	6.36	10,500,000	6.36
Khoo Boo Wui 12-W, Jalan Angsana, Bandar Baru, 11500 Ayer Itam, Pulau Pinang	Promoter, substantial shareholder and Executive Director/Chief Financial Officer	24,500,000	17.50	3,500,000	2.12	21,000,000	12.73
		115,500,000	82.50	35,000,000	21.21	80,500,000	48.79

Notes: -

(i) Based on our number of 140,000,000 Shares after completion of the Acquisition of VNP, the transfer of subscribers' shares in Volcano to Khoo Boo Wui on 2 March 2018 and the Share Consolidation before the IPO.

(ii) Based on our enlarged number of 165,000,000 Shares after the IPO.

Based on the IPO Price, the entire proceeds of approximately RM12.25 million arising from the Offer for Sale will accrue entirely to the Selling Shareholders and not to the Company. All expenses relating to the Offer for Sale will be fully borne by the Selling Shareholders.

4. PARTICULARS OF OUR IPO (*cont'd*)

4.4.3 Underwriting arrangement

The 8,250,000 Public Issue Shares made available for application by the Malaysian Public under Section 4.4.1(a) of this Prospectus have been fully underwritten by our Underwriter.

All the 8,250,000 Public Issue Shares made available for application pursuant to the Pink Form Allocations and 22,875,000 Public Issue Shares and Offer Shares made available to identified investors and 20,625,000 Offer Shares made available to identified Bumiputera investors approved by MITI by way of private placement as set out in Sections 4.4.1(b), 4.4.1(c) and 4.4.2 of this Prospectus respectively are not underwritten. Irrevocable undertakings will be obtained post approval of the Prospectus from identified investors to subscribe for the IPO Shares available under the private placement.

Any unsubscribed Public Issue Shares by the Malaysian Public will be made available for application by way of private placement to identified investors. Any unsubscribed Pink Form Allocations will be re-offered to our Group's other eligible Directors (other than the Selling Shareholders), employees and business associates (including any other persons who have contributed to the success of our Group) before being re-allocated to the Malaysian Public on a fair and equitable manner and/or identified investors via private placement.

There is no minimum subscription amount to be raised from the IPO. All the IPO Shares are either subscribed by the identified investors, pursuant to their irrevocable undertaking or fully underwritten by our Underwriter.

The number of IPO Shares will not increase via any over-allotment or "greenshoe" option.

4.4.4 ESOS

In conjunction with the Listing, we will implement an ESOS of up to thirty percent (30%) of our total number of issued Share(s) at any point in time during the existence of the ESOS, to be granted to the Eligible Person(s) of our Group.

The ESOS will be administered by the ESOS Committee of our Group and will be governed by the ESOS By-Law(s). The salient features of the ESOS are as follows: -

(i) Maximum number of new Volcano Share(s) available under the ESOS

Not be more than thirty percent (30%) of the total number of issued Share(s) of the Company (excluding treasury shares) at any one time throughout the duration of the ESOS.

(ii) Maximum allowable allotment and basis of allocation

At the sole and absolute discretion of the ESOS Committee after taking into consideration, *inter alia*, the seniority, job grading, length of service and/or contribution to the Group by the Eligible Person(s) and/or other matters which the ESOS Committee may in its sole and absolute discretion deem fit, subject always to the following: -

- (a) the Directors and Eligible Person(s) do not participate in the deliberation or discussion of their own allocation and the allocation to any person connected with them; and

4. PARTICULARS OF OUR IPO (cont'd)

- (b) the number of Volcano Share(s) allocated to any Eligible Person(s) who, either singly or collectively through persons connected with the Eligible Person(s), holds twenty percent (20%) or more in the total number of issued Shares (excluding treasury shares) of the Company, shall not exceed ten percent (10%) of the total number of Volcano Share(s) to be issued under the ESOS and any other schemes involving issuance of new Share(s) to the Eligible Person(s) to be implemented from time to time; and
- (c) not more than seventy percent (70%) of the new Volcano Share(s) available under the ESOS shall be allocated in aggregate to the Directors and senior management.

(iii) Eligibility

Subject to the discretion of the ESOS Committee, any Director or an employee of the Volcano Group shall be eligible to be considered for the offer of ESOS Option(s) under the ESOS, if the following eligibility criteria are fulfilled: -

- (a) he/she has attained the age of at least eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) with the exception of the non-executive Director(s), he/she is employed on full time basis and who has been confirmed in service; and/or
- (c) is under such categories and criteria that the ESOS Committee may from time to time decide at its absolute discretion.

The ESOS Committee may, at any time and from time to time, before and after an ESOS Option(s) is granted, have the sole and absolute discretion to: -

- (1) limit the exercise of the ESOS Option(s) to a maximum number of new Volcano Share(s) and/or such percentage of the total new Volcano Share(s) comprised in the ESOS Option(s) during such periods within the option period;
- (2) subject the exercise of the ESOS Option(s) to any vesting condition determined by the ESOS Committee at its sole and absolute discretion including but not limited to performance targets being achieved before an ESOS Option(s) can be exercised; and/or
- (3) impose any other terms and/or conditions (including the time period to exercise the ESOS Option(s)) as the ESOS Committee may, in its sole discretion deem appropriate including amending or varying any terms and conditions imposed earlier;
- (4) stagger the allocation of ESOS Option(s) available over the duration of the ESOS and to determine the vesting period (if any) for the ESOS Option(s) granted under the ESOS.

(iv) Subscription price

The subscription price of each Share(s) comprised in any ESOS Option(s) shall at the discretion of the ESOS Committee, be based on a discount of not more than ten percent (10%) or such higher limit as may be permitted from time to time by Bursa Securities or any other relevant authorities to five-(5) day VWAMP of the Share(s) transacted on Bursa Securities immediately preceding the offer date.

4. PARTICULARS OF OUR IPO (cont'd)

(v) Duration of the ESOS

The ESOS shall be in force for a period of five (5) years commencing from the effective date and may be extended by the Board at its absolute discretion, without having to obtain the approval of its shareholders, for up to another five (5) years immediately from the expiry of the first five (5) years, and shall not in aggregate exceed ten (10) years from the effective date of implementation of the ESOS, being the date of full compliance with all relevant provisions of the Listing Requirements in relation to the ESOS.

(vi) Rights of Grantee(s)

The ESOS Option(s) shall not carry any rights to vote at any general meeting of the Company. The Grantee(s) shall not in any event be entitled to any dividends, rights or other entitlements on his unexercised ESOS Option(s).

(vii) Retention period

The new Volcano Share(s) to be allotted and issued to the Grantee(s) pursuant to the exercise of any ESOS Option(s) under the ESOS will not be subjected to any retention period except that a Non-Executive Director must not sell, transfer or assign Share(s) obtained through the exercise of ESOS Option(s) offered to him pursuant to the ESOS within one (1) year from the offer date.

(viii) Listing of and quotation for the new Volcano Share(s) to be issued arising from the exercise of the ESOS Option(s)

The new Volcano Share(s) to be issued arising from the exercise of the ESOS Option(s) will be listed and quoted on the ACE Market of Bursa Securities.

Further details of the ESOS are set out in the ESOS By-Laws in Section 14 of this Prospectus.

4.4.5 Listing

Upon completion of our IPO, our Company's entire enlarged issued share capital comprising 165,000,000 Shares shall be listed on the ACE Market of Bursa Securities.

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4. PARTICULARS OF OUR IPO (cont'd)**4.5 SHARE CAPITAL**

	No. of Shares	(RM)
No. of issued Shares as at the date of this Prospectus	140,000,000	70,000,000
No. of Shares to be issued under the Public Issue	25,000,000	8,750,000
Enlarged no. of issued Shares upon Listing	165,000,000	78,750,000
New Shares to be issued assuming full exercise of the ESOS Options	49,500,000	17,325,000 ⁽ⁱ⁾
Enlarged no. of issued Shares assuming full exercise of the ESOS Options	214,500,000	96,075,000

Note: -

(i) The ESOS Options will be granted subsequent to our IPO. However, for illustration purposes, the ESOS Options are assumed to be exercised at the IPO Price.

Presently, we have only one (1) class of shares, being ordinary shares, all of which rank *pari passu* with one another. The Public Issue Shares will upon allotment and issue, rank *pari passu* in all respects with our existing Shares, including voting rights and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the IPO Shares.

Subject to any special right attaching to any of our Shares which we may issue in the future, our shareholders shall, in proportion to the number of the Shares held by them, be entitled to share the whole of the profits paid out by us in the form of dividends and other distributions and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the number of the Shares at the commencement of the liquidation, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At any general meeting of our Company, each shareholder shall be entitled to vote in person or by proxy or by attorney, or being a corporation, by a duly authorised representative. On a show of hands, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of our Company.

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4. PARTICULARS OF OUR IPO (cont'd)

4.6 OBJECTIVES OF OUR IPO

Our Board is of the opinion that the IPO will continue to benefit our Company as follows: -

- (a) to enable our Company to raise funds to finance our expenditures for our business expansion plan;
- (b) to facilitate our business expansion as the listed status of our Company enhances our corporate profile, which in turn enables our Group to tap into new customers, form strategic alliances with our business affiliates and expand our business locally and regionally;
- (c) to enable our Group to gain access to the capital market for our anticipated future expansion and growth through our business strategies as elaborated in Section 7.20.1 of this Prospectus;
- (d) to provide an opportunity for Malaysian investors to participate in our equity and growth of our Company; and
- (e) to enable us to attract and retain qualified and experienced employees via participation in the Pink Form Allocation and ESOS as a listed company.

4.7 BASIS OF ARRIVING AT THE IPO PRICE

This IPO Price of RM0.35 per Share was determined after taking into consideration the following factors: -

- (a) Our net EPS of approximately of 2.32 sen, computed based on our Group's audited consolidated PAT attributable to the owners of the Company of approximately RM3.83 million, excluding IPO expenses for the FYE 2020 and our enlarged number of 165,000,000 Shares upon Listing, translating to a PE Multiple of approximately 15.09 times;
- (b) Our operating history, financial performance and financial position as elaborated in the following sections of the Prospectus: -
 - (i) Section 11.1 of the Prospectus, which describes our Group's historical financial information, together with the Reporting Accountants' letter on proforma consolidated financial information as set out in Section 13 of this Prospectus; and
 - (ii) Section 11.2 of the Prospectus, which provides the management's discussion and analysis of financial condition and result of operations for the past three (3) FYE 2018 to FYE 2020;
- (c) Our competitive strengths as set out in Section 7.19 of this Prospectus; and
- (d) Our Group's business strategies and prospects as further described in Section 7.20 of this Prospectus.

Prior to the IPO, there has been no public market for our Shares within or outside Malaysia. You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares being traded. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 9 of this Prospectus and form your own views on the valuation of our IPO Shares before deciding to invest in our Shares.

4. PARTICULARS OF OUR IPO (cont'd)**4.8 DILUTION**

Dilution is computed as the difference between the IPO Price paid by our investors for our IPO Shares and the proforma consolidated NA per Share of our Group immediately after our IPO.

Pursuant to our Public Issue of 25,000,000 new Shares at the IPO Price and after adjusting for the effects to the utilisation of proceeds, the proforma consolidated NA per Share as at 31 December 2020 would have been RM0.46, which represents an immediate decrease in the proforma consolidated NA per Share of RM0.02 to our existing shareholders. However, there is an immediate increase in the NA per Share of RM0.11, representing approximately 31.43% increase to our new investors.

The table below illustrates such dilution on a per Share basis: -

	(RM)
IPO Price	0.35
Proforma consolidated NA per Share as at 31 December 2020, after the Acquisition of VNP but before adjusting for our IPO (based on the issued share capital of 140,000,000 Shares)	0.48
Proforma consolidated NA per Share attributable to the shareholders, after the Public Issue and the utilisation of proceeds (based on the issued share capital of 165,000,000)	0.46
Decrease in proforma consolidated NA per Share attributable to our existing shareholders	0.02
Increase in proforma consolidated NA per Share to new investors	0.11
Increase in proforma consolidated NA per Share to new investors as a percentage of our IPO Price	31.43%

Further details of our pro forma consolidated NA per Share as at 31 December 2020 is set out in Section 13 of this Prospectus.

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4. PARTICULARS OF OUR IPO (cont'd)**4.9 SHARES RECEIVED BY OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT PERSONNEL AND PERSONS CONNECTED TO THEM DURING THE PAST THREE (3) YEARS**

The following table summarises the total number of Shares received by our Promoters, substantial shareholders, Directors, key senior management personnel and persons connected to them from the date of our incorporation to the date of this Prospectus and the average cost per Share to them and to the new investors who subscribe for our IPO Shares pursuant to the IPO: -

	No. of Shares before IPO ⁽ⁱ⁾	No. of Shares from IPO	Total consideration (RM)	Average cost/price per Share (RM)
<u>Promoters and executive Directors</u>				
Datuk Ch'ng Huat Seng	35,000,000	-	17,500,000	0.50
Gan Yew Thiam	35,000,000	-	17,500,000	0.50
Dato' Wong Tze Peng	24,500,000	-	12,250,000	0.50
Yeap Guan Seng	21,000,000	-	10,500,000	0.50
Khoo Boo Wui	24,500,000	-	12,250,000	0.50
<u>Non-executive Directors and key senior management personnel ⁽ⁱⁱ⁾</u>				
Wong Wan Chin, D.J.N	-	1,000,000 ⁽ⁱⁱ⁾	350,000	0.35
Tan Yen Yeow	-	1,000,000 ⁽ⁱⁱ⁾	350,000	0.35
Hing Poe Pyng	-	1,000,000 ⁽ⁱⁱ⁾	350,000	0.35
Lim Kee Wei	-	100,000 ⁽ⁱⁱ⁾	35,000	0.35
Rajendran A/L Masilamany	-	100,000 ⁽ⁱⁱ⁾	35,000	0.35
Cheng Su Ying	-	100,000 ⁽ⁱⁱ⁾	35,000	0.35
<u>Other investors</u>				
New investors pursuant to our IPO	-	60,000,000 ⁽ⁱⁱⁱ⁾	21,000,000	0.35

Notes: -

(i) Issued pursuant to the Acquisition of VNP, including the subscribers' shares which were issued on 2 February 2018, subsequently transferred to Khoo Boo Wui on 2 March 2018 and the Share Consolidation.

(ii) Assuming full subscription of their respective entitlements pursuant to the Pink Form Allocation.

(iii) Including 8,250,000 Shares allocated to the eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to the success of our Group) pursuant to the Pink Form Allocation.

Apart from the Shares received by our Promoters, substantial shareholders and Executive Directors pursuant to the Acquisition of VNP, there is no material acquisition of any existing Shares that involved cash in our Group by our Promoters, substantial shareholders, Directors and key senior management personnel or persons connected with them, or in which they have the right to acquire, since the Acquisition of VNP and prior to the date of this Prospectus.

4. PARTICULARS OF OUR IPO (cont'd)

4.10 UTILISATION OF PROCEEDS

The expected gross proceeds from the Public Issue amounting to RM8.75 million based on the IPO Price of RM0.35 per IPO Share are expected to be utilised in the manner set out below: -

Details of utilisation	(RM'million)	Percentage of gross proceeds (%)	Estimated timeframe for utilisation upon Listing
Purchase of machineries and equipment	5.55	63.43	Within 24 months
Estimated listing expenses	3.20	36.57	Immediately
Total	8.75	100.0	

(a) Purchases of machines and equipment

We intend to utilise RM5.55 million of the proceeds to purchase additional machineries and equipment to enhance our production efficiency of which the allocation of proceeds shall be further breakdown as details below: -

Details	Units	(RM'million)
Laser cutting machines	6	3.55
Pick and paste machines	5	2.00
Total	11	5.55

The RM5.55 million is based on the estimated cost for the purchase of additional machineries and equipment from the quotation requested from our suppliers and is inclusive of the installation cost. The Group will allocate approximately 280 sq. ft. and 420 sq. ft. of existing floor space at our factory in Perai, Penang to place the the six (6) units of laser cutting machines and five (5) units of pick and paste machines respectively.

As at the FYE 2020, our production capacity stood at 32,348,000 units per year with fourteen (14) units of laser cutting machines. We have purchased additional four (4) units of laser cutting machines using our internally-generated funds (of which two (2) units of laser cutting machines were delivered on 22 January 2021 and one (1) unit of laser cutting machine was delivered on 11 February 2021, whilst the remaining one (1) unit of laser cutting machine will be delivered by the second quarter of FYE 2021). With the additional four (4) units of laser cutting machines, the production capacity will be increased to 41,590,000 units per year representing an increase of 28.57% or 9,242,000 units.

The purchase of the additional six (6) units of laser cutting machines using the proceeds from our Public Issue will further increase our laser cutting production capacity by approximately 33.33% or 13,863,000 units from 41,590,000 units to 55,453,000 units per year. The average utilisation rate of our laser cutting machines is 85.35%, 96.31% and 88.71% for the FYE 2018, FYE 2019 and FYE 2020 respectively.

As at the LPD, we are using manual labour for picking and pasting after the completion of stamping process. The five (5) units of pick and paste machines will be able to automate the processes involving manual labour of picking and pasting different components of our nameplates to form final nameplates, which in turn allows us to accept and cater more job orders in the future. For instance, the five (5) units of pick and paste machines is expected to perform the picking and pasting process for 15 seconds per piece, as compared to 40 seconds per piece by manual labour.

The purchase of additional machineries and equipment is in accordance with our business strategies as set out in Sections 7.20.1(a) of this Prospectus. As at the LPD, our outstanding confirmed orders for nameplates and plastic injection moulded parts stood at approximately RM4.19 million and RM2.16 million respectively which are expected to be delivered within four (4) weeks. The availability of these machineries and equipment are

4. PARTICULARS OF OUR IPO (cont'd)

expected to increase our operational efficiencies and subsequently enable us to accept more job orders, which will continue to enhance our Group earnings.

In the event the allocated proceeds are insufficient for the purchase of machineries and equipment, any shortfall will be funded through internally-generated funds and/or bank borrowings/financing. Conversely, any excess funds not utilised for this purpose will be utilised to meet the working capital requirements of our Group.

(b) Estimated listing expenses

The expenses of our IPO to be borne by our Company are estimated to be RM3.20 million comprising the following: -

Details	(RM'million)
Professional advisory fees	2.00
Fees to authorities	0.10
Brokerage, underwriting commission and placement fees	0.57
Printing, advertisement and other incidental charges relating to our IPO	0.53
Total	3.20

If the actual listing expenses are higher than anticipated, the deficit will be funded from proceeds allocated for working capital and vice versa.

We intend to place the proceeds to be raised from the Public Issue (including accrued interest, if any) or the balance thereof as deposits with licensed financial institutions or short-term money market instruments prior to the eventual utilisation of the IPO proceeds for the above intended purposes.

The gross proceeds of RM12.25 million from the Offer for Sale will accrue entirely to the Selling Shareholders and we will not receive any proceeds from the Offer for Sale. Our Selling Shareholders shall bear all of the expenses such as stamp duty, placement fee, registration and share transfer fee relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.80 million.

4.11 BROKERAGE, PLACEMENT FEES AND UNDERWRITING COMMISSION**4.11.1 Brokerage fee**

Our Company will pay brokerage in respect of the sale of the 25,000,000 Public Issue Shares to the Malaysian Public at the rate of 1.0% of the IPO Price in respect of successful applicants which consist of participating organisations of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association in Malaysia or the Issuing House.

4.11.2 Placement fees

Our Placement Agent has agreed to place out 43,500,000 IPO Shares to be offered to identified investors and Bumiputera investors.

We will pay the Placement Agent a placement fee at the rate of 2.00% of the total value of the IPO Shares placed out to investors identified by our Placement Agent at the IPO Price and a placement fee at the rate of 0.50% of the total value of the IPO Shares placed out to investors identified by our Company.

The placement fee incurred by the Selling Shareholders will be paid by the Selling Shareholders to the Placement Agent vide proceeds raised from the Offer for Sale.

4. PARTICULARS OF OUR IPO (*cont'd*)

4.11.3 Underwriting commission

Our Underwriters have agreed to underwrite for a total of 8,250,000 Public Issue Shares made available for application by the Malaysian Public. We are obligated to pay our Underwriters the underwriting commission at the rate of 2.00% of the total value of the underwritten Shares at the IPO Price.

4.12 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The following clauses which are reproduced verbatim from the Underwriting Agreement, are terms which allow the Underwriters to withdraw from the underwriting obligation under the Underwriting Agreement after the opening of our IPO. The capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement: -

8. CONDITIONS PRECEDENT

8.1 *The obligations of the Underwriter to perform its obligations to underwrite the Underwritten Shares under this Agreement are conditional upon the following conditions precedent ("Conditions Precedent") being fulfilled to the satisfaction of the Underwriter: -*

- 8.1.1 *there not having been on or prior to the Closing Date in the opinion of the Underwriter (which opinion is final and binding), any adverse change or any development reasonably likely to result in any adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group, taken as a whole, which is material from that set forth in the Prospectus nor the occurrence of any event or discovery of any fact or circumstance rendering untrue or incorrect to an extent which is material as aforesaid or any breach of any of the Warranties, Representations and Undertakings as though they had been given or made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings of the Company as contained in this Agreement;*
- 8.1.2 *the issuance of the Prospectus within two (2) months from the date of this Agreement, and the Company receiving all relevant approvals for the Listing and complying with the conditions imposed by the Appropriate Authorities (if any) within two (2) months from the date of issue of the Prospectus (or such longer period as may be specified by the Appropriate Authorities);*
- 8.1.3 *the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the Underwriting Commission and the cost and expenses referred to in Clause 22;*
- 8.1.4 *the Public Issue and/or the Listing are not being prohibited or impeded by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the Public Issue and/or the Listing have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date;*
- 8.1.5 *the Underwriter having been satisfied that the Company has complied with the policies, guidelines and requirements of the Appropriate Authorities and all revisions, amendments and/or supplements thereto;*
- 8.1.6 *the Listing has been approved by the shareholders of the Company in an Extraordinary General Meeting;*

4. PARTICULARS OF OUR IPO (cont'd)

- 8.1.7 *the due registration and lodgement of the Prospectus with the Appropriate Authorities together with copies of all required documents in accordance with the CMSA, the Act and the relevant laws and regulations before the issuance of the same;*
- 8.1.8 *all approvals of the Appropriate Authorities remain in full force and effect on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date and the Underwriter being reasonably satisfied that all conditions of the same (to the extent that can be complied with prior to the Closing Date) have been complied with;*
- 8.1.9 *the FTSE Bursa Malaysia KLCI Index ("Index"), at the close of normal trading on Bursa Securities, on any Market Day(s): -*
- (a) *on or after the date of the Underwriting Agreement; and*
- (b) *prior to the Closing Date,*
- is lower than ninety percent (90.00%) of the level of the Index at the last close of the normal trading on the relevant exchange on the Market Day(s) immediately prior to such date and remains at or below that level for at least three (3) Market Day(s) or any adverse change in the market conditions which the parties may mutually agree to be sufficiently material and adverse to render it to be a terminating event; and*
- 8.1.10 *the listing of the Shares on the ACE Market of the Bursa Securities within one (1) month from the Closing Date or any later date as may be approved by the Appropriate Authorities and agreed in writing by the Underwriter.*
- 8.2 *If any of the foregoing condition(s) is not satisfied or complied with to the satisfaction of the Underwriter on or before the Closing Date, the Underwriter shall thereupon be entitled subject as mentioned below, to terminate this Agreement by notice in writing served by the Underwriter and upon such termination, the obligations and liabilities of the Company and the Underwriter hereunder shall become null and void, except for the liability of the Company in respect of payments of costs and expenses referred to in Clause 22 incurred prior to or in connection with such termination.*
- 8.3 *Notwithstanding anything herein contained, the Underwriter may at its discretion modify or waive compliance with any of the Conditions Precedent provided that such modification or waiver shall not prejudice the Underwriter's other rights under this Agreement.*
- 9. EVENTS AFFECTING THE UNDERWRITING OF PUBLIC ISSUE SHARES**
- 9.1 *The Underwriter shall be entitled to terminate this Agreement by notice in writing delivered by the Underwriter to the Company prior to the Closing Date if the success of the Listing is in the reasonable opinion of the Underwriter seriously jeopardised or affected by the coming into force of any law or governmental regulation or directive which seriously affects or is likely to seriously affect the business of the Group.*
- 9.2 *On delivery of such a notice, this Agreement shall be terminated and the rights and obligations of the Company and the Underwriter hereunder shall cease and none of the parties shall have any claim against the other (except for the liability of the Company in respect of payments of costs and expenses referred to in Clause 22 incurred prior to or in connection with such termination). Thereafter the Underwriter and the Company shall confer with a view to deferring the Public Issue or amending its terms and/or entering into a new Underwriting Agreement PROVIDED THAT the Company and the Underwriter shall not be under any obligation to enter into such new agreement unless mutually agreed.*

4. PARTICULARS OF OUR IPO (cont'd)

10. TERMINATION IN THE EVENT APPROVAL FOR THE LISTING IS WITHDRAWN

The Underwriter shall have the right to terminate this Agreement by notice in writing served by the Underwriter on the Company in the event that the approvals of the Appropriate Authorities for the Listing is withdrawn and upon such termination, the liabilities and obligations herein of the Company and the Underwriter shall become null and void and none of the parties aforementioned shall have any claim against the other except for the liability of the Company in respect of payments of costs and expenses referred to in Clause 22 incurred prior to or in connection with such termination.

11. FORCE MAJEURE

11.1 Notwithstanding anything herein contained, the Underwriter may, after consultation with the Company in good faith at any time before the Closing Date, terminate its obligations under this Agreement by notice in writing delivered by the Underwriter to the Company if in the reasonable opinion of the Underwriter there shall have occurred, happened or come into effect any of the following circumstances ("Force Majeure Event"): -

11.1.1 any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, earthquake, epidemic, civil commotion, sabotage, hijacking, acts of war or terrorism, hostilities, riot, uprising or accidents);

11.1.2 without prejudice to the generality of the foregoing, any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing;

11.1.3 the imposition of any moratorium, suspension or material restriction on trading in securities generally in the Bursa Securities due to exceptional financial circumstances or otherwise;

which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have a material adverse effect on the business or operations of the Group taken as a whole or the success of the Listing and the distribution or sale of the Underwritten Shares (whether in the primary market or in respect of dealings in the secondary market) or market conditions generally or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms and upon such termination, the parties hereto shall (except for the liability of the Company in the payment of costs and expenses referred to in Clause 22 hereof incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder.

12. TERMINATION

12.1 Notwithstanding anything herein contained, the Underwriter may, at any time prior to the Closing Date, by notice in writing delivered to the Company, terminate, cancel or withdraw its underwriting commitment to underwrite the Underwritten Shares under this Agreement if: -

12.1.1 there is any breach by the Company of any of the Warranties, Representations and Undertakings which is not capable of remedy, or if capable of remedy, is not remedied within such period as stipulated in the notice given by the Underwriter to the Company or by the Closing Date, whichever is earlier; or

4. PARTICULARS OF OUR IPO (cont'd)

- 12.1.2 *there is failure on the part of the Company to perform any of its obligations under this Agreement; or*
- 12.1.3 *there is withholding of information of material nature from the Underwriter which is required to be disclosed pursuant to this Agreement which, in the opinion of the Underwriter would have or can reasonably be expected to have a material adverse effect on the business or operations of the Group, the success of the Listing or the distribution or sale of the Public Issue Shares; or*
- 12.1.4 *there is any material and adverse change in the business or financial condition of the Company or the Group as a whole which in the reasonable opinion of the Underwriter have occurred or happened or is threatened against the Company or the Group as a whole; or*
- 12.1.5 *the success of the Listing is in the reasonable opinion of the Underwriter seriously jeopardised or affected by the coming into force of any law or governmental regulation or directive which seriously affects or is likely to seriously affect the business of the Group as provided for in Clause 9 above; or*
- 12.1.6 *any of the approvals of the Appropriate Authorities for the Listing is withdrawn as provided for in Clause 10 above; or*
- 12.1.7 *there shall have in the reasonable opinion of the Underwriter, occurred or happened or threatened, any Force Majeure Event.*
- 12.2 *Upon any such notice being given pursuant to Clause 12.1, the Underwriter shall be released and discharged from its obligations under this Agreement whereupon this Agreement shall be of no further force or effect and no party shall be liable to the other in respect of this Agreement save and except that the Company shall remain liable for any antecedent breach and for the payment of the costs and expenses referred to in Clause 22 below which are incurred prior to or in connection with such termination and such reimbursement of the costs and expenses incurred shall be paid to the Underwriter within seven (7) days from the date of notification to the Company by the Underwriter.*

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Shareholdings of Promoters and substantial shareholders

The shareholdings of our Promoters and substantial shareholders in our Company before and after the IPO are as follows: -

Promoters and substantial shareholders	Nationality	Before our IPO ⁽ⁱ⁾				After our IPO ⁽ⁱⁱ⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares held	(%)	No. of Shares held	(%)	No. of Shares held	(%)	No. of Shares held	(%)
Datuk Ch'ng Huat Seng	Malaysian	35,000,000	25.00	-	-	28,000,000	16.97	-	-
Gan Yew Thiam	Malaysian	35,000,000	25.00	-	-	21,000,000	12.73	-	-
Dato' Wong Tze Peng	Malaysian	24,500,000	17.50	-	-	24,500,000	14.85	-	-
Yeap Guan Seng	Malaysian	21,000,000	15.00	-	-	10,500,000	6.36	-	-
Khoo Boo Wui	Malaysian	24,500,000	17.50	-	-	21,000,000	12.73	-	-
Total		140,000,000	100.00	-	-	105,000,000	63.64	-	-

Notes: -

(i) After completion of the Acquisition of VNP, the transfer of subscribers' shares in Volcano to Khoo Boo Wui and the Share Consolidation before the IPO.

(ii) Based on our enlarged number of 165,000,000 Shares after the IPO.

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Group.

5.1.2 Profiles of Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows: -

(i) **Datuk Ch'ng Huat Seng**, Malaysian, aged 59 is our Co-Founder and Managing Director. He is also the Promoter and substantial shareholder of the Group. He was appointed to our Board on 2 March 2018 and is responsible for the overall operations of VNP and overseeing the growth and overall strategic direction of our Group.

He completed his secondary education in 1977 and began his career in Lam Hong Hardware Sdn Bhd, a hardware trading and services company as an operator from 1978 to May 1979. In June 1979, he joined Penang Typewriter Sdn Bhd, a trading and services company of typewriters as a technician. In 1980, he joined Hup Seng Goldsmith Sdn Bhd, a manufacturer of gold jewellery as a craftsman. In 1981, he joined OE Design Sdn Bhd, a manufacturer of gold jewellery as a craftsman until 1982.

In 1983, he founded and managed Racingmate, a partnership involved in trading of auto accessories. In 1989, Racingmate was dissolved and he began his foray into the manufacturing of nameplates when he joined China Name Plate Co. Ltd in Taiwan, a manufacturer of nameplates as an operator. During his employment with China Name Plate Co. Ltd, he was promoted to various management positions such as Printing Supervisor, Marketing Executive, Marketing and Production Manager and Operation Manager and was

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

responsible for overseeing the sales and marketing, production planning and operations of China Name Plate Co. Ltd for two (2) years from 1989 to 1991.

In 1991, he joined Chin-I Name Plate (M) Sdn Bhd, which is a family-owned related company of China Name Plate Co. Ltd. He was involved in setting up a nameplates printing factory in Penang and was responsible in implementing an ISO quality management system. Over the years, he has also expanded the China Name Plate Co. Ltd group of companies' manufacturing activities and was assigned to set up a factory in Bangkok for China Name Plate Co. Ltd in 1995. In January 1999, he resigned from his role as an Operations Manager from Chin-I Name Plate (M) Sdn Bhd after eight (8) years of service. He then co-founded VNP in February 1999 with Gan Yew Thiam, Yeap Guan Seng and Dato' Wong Tze Peng.

Datuk Ch'ng Huat Seng has been instrumental in the development and the success of our Group. Over the span of twenty-two (22) years, he has expanded our Group's operations from a small-scale nameplates manufacturer into a group of companies specialising in the manufacturing of nameplates and plastic injection moulded parts.

- (ii) **Gan Yew Thiam**, Malaysian, aged 48 is our Co-Founder and Non-Independent Executive Director. He is also the Promoter and substantial shareholder of our Group. He was appointed to our Board on 2 March 2018 and is responsible for overseeing the procurement and the operations of VTT.

Upon completing his secondary education in 1989, he began his nameplates manufacturing career by joining Chin-I Name Plate (M) Sdn Bhd as an operator responsible in stamping and tooling activities. He was promoted to supervisor in 1993 before assuming the position of Production Assistant Manager in 1996. In January 1998, he was seconded to Chin-I Name Plate (M) Sdn Bhd's sister company, Xinhe Electronics Co. Ltd, a manufacturer of nameplates in Dongguan, China as a Production Manager for a period of one (1) year. During his tenure with Chin-I Name Plate (M) Sdn Bhd and secondment to China, he acquired valuable experience and knowledge in metal stamping and fabrication. He left the company in December 1998.

In 1999, he co-founded VNP and was responsible in overseeing the procurement of raw materials and administration and finance of VNP. In 2008, he has been instrumental in setting up our Group's factory in Thailand which marks a major milestone to our Group in penetrating the international market.

- (iii) **Dato' Wong Tze Peng**, Malaysian, aged 56 is our Co-Founder and Non-Independent Executive Director. He is also the Promoter and substantial shareholder of our Group. He was appointed to our Board on 2 March 2018 and is responsible for overseeing the strategic planning and business development of our Group. He completed his Sijil Tinggi Peperiksaan Malaysia in 1985.

He began his career in 1986 when he joined a MNC company, Bayer (M) Sdn Bhd, which is involved in the trading of fertiliser and pesticide as a Store Clerk and was involved in warehouse management. After he left Bayer (M) Sdn Bhd in 1989, he joined several companies such as Auto Parts Manufacturers Co. Sdn Bhd, a manufacturer of automobile parts in 1989, Century Container Industries Sdn Bhd, a manufacturer of steel cargo containers in 1992 and Casio (M) Sdn Bhd, a manufacturer of electronic products in 1995 where he was mainly involved in warehouse and purchasing management. During his employment with Casio (M) Sdn Bhd, he concurrently founded W H Industrial Supply (M) Sdn Bhd, a wholesaler and trader of industrial hardware as a Non-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*cont'd*)

Executive Director where he provided advice to the management of the company.

In 1999, he co-founded VNP and has been in the nameplates manufacturing and plastic industries for twenty-two (22) years. His working experience which includes supply chain and material management coupled with business development skills acquired from his previous endeavours in other businesses has contributed towards our Group's progress over the years.

- (iv) **Yeap Guan Seng**, Malaysian, aged 48 is our Co-Founder and Non-Independent Executive Director. He is also the Promoter and substantial shareholder of the Group. He was appointed to our Board on 2 March 2018 and is responsible for the procurement and operations in VNP. He is also in charge in overseeing the operations and R&D of our Group.

Upon completing his secondary education in 1989, he began his nameplates manufacturing career by joining TH Loy Sdn Bhd, a manufacturer of speakers and nameplates as a QC personnel. In 1991, he joined Chin-I Name Plate (M) Sdn Bhd as a Production Leader and was responsible in overseeing the company's production planning and management. He was promoted to Supervisor in 1992 before assuming the position of Production Manager in 1994. In 1997, he was seconded to Chin-I Name Plate (M) Sdn Bhd's sister company, Shanghai Keythai Name Plate Co. Ltd, a manufacturer of nameplates in Shanghai, China as a Factory Manager for a period of one (1) year before returning to Chin-I Name Plate (M) Sdn Bhd. During his overseas secondment, he acquired vast knowledge and experience in nameplates manufacturing.

In 1999, he co-founded VNP and is responsible in overseeing VNP's procurement and operations. He also heads our Group's R&D team which oversees our Group's development of new nameplate designs and artworks, production process and quality improvement.

- (v) **Khoo Boo Wui**, Malaysian, aged 48 is our Promoter and is the Non-Independent Executive Director/Chief Financial Officer of the Group. He joined the Group on 1 November 2017 as a Chief Financial Officer and is responsible for the corporate affairs, financial reporting and business assessment of the Volcano Group. He was appointed as the Executive Director of our Group on 2 March 2018. He is also a substantial shareholder of our Group.

He is a member of CPA Australia since 2001 and Malaysian Institute of Accountants since 2015. He graduated from Deakin University, Australia in 1997 with a Bachelor of Commerce Degree majoring in Accounting and Management Information System. He has accumulated more than twenty (20) years of accounting and corporate finance experience.

He started his career as an audit assistant in Ernst & Young in 1997. In December 1999, he resigned from Ernst & Young as Senior Audit Assistant. Subsequently, in 2000, he joined Malaysian International Merchant Bankers Berhad as a Senior Executive in the corporate advisory and consultancy division. In 2004, he joined Alliance Merchant Bank Berhad as a Manager in the corporate advisory division and was subsequently promoted to Senior Manager before starting his own management consultancy services, Pink Guava Sdn Bhd in 2007, providing business restructuring services (which has been struck off by ROC on 4 October 2016).

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

Thereafter, he was with several companies, in his individual capacity including, Liqua Health Corporation Berhad, a company involved in direct selling of healthcare products as an Executive Director of from February 2008 to May 2008, SCAN Associates Berhad, an information and communication technology security solution provider as the Finance Manager from 2010 to 2011, Vision Technology Consulting Group Berhad ("VTCGB"), an investment holding company with its subsidiaries involved in the provision of Oracle technology implementation and Oracle-related outsourcing services as the Chief Financial Officer for VTCGB and its subsidiaries from 2012 to 2013 and Damar Global Holdings Berhad, an investment holding company with its subsidiary involved in manufacturing of synthetic resins as the Chief Financial Officer from 2014 to 2016. In November 2017, he joined our Group as the Chief Financial Officer replacing Ang Pei Gaik, who left VNP as the Financial Controller in June 2017.

5.1.3 Changes in the Promoters' and/or substantial shareholders' shareholdings since incorporation

Save as disclosed below, there have been no other changes in the shareholdings of our Promoters and substantial shareholders in our Company since our incorporation on 2 February 2018 and up to the LPD: -

Name	As at 2 February 2018 (Date of Incorporation of Volcano)				As at 12 February 2018 (Date of Subdivision of Shares)			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Lim Yong Chiat	50	50.00	-	-	500	50.00	-	-
Wang Hooi Choo	50	50.00	-	-	500	50.00	-	-
<u>Promoters and substantial shareholders</u>								
Datuk Ch'ng Huat Seng	-	-	-	-	-	-	-	-
Gan Yew Thiam	-	-	-	-	-	-	-	-
Dato' Wong Tze Peng	-	-	-	-	-	-	-	-
Yeap Guan Seng	-	-	-	-	-	-	-	-
Khoo Boo Wui	-	-	-	-	-	-	-	-
Name	As at 2 March 2018 (Date of Acquisition of VNP)				After Share Consolidation and as at the LPD			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(%) ^(c)	No. of Shares	(%)	No. of Shares	(%) ^(d)	No. of Shares	(%)
Lim Yong Chiat	^(a) -	-	-	-	-	-	-	-
Wang Hooi Choo	^(a) -	-	-	-	-	-	-	-
<u>Promoters and substantial shareholders</u>								
Datuk Ch'ng Huat Seng	175,000,000	25.00	-	-	35,000,000	25.00	-	-
Gan Yew Thiam	175,000,000	25.00	-	-	35,000,000	25.00	-	-
Dato' Wong Tze Peng	122,500,000	17.50	-	-	24,500,000	17.50	-	-
Yeap Guan Seng	105,000,000	15.00	-	-	21,000,000	15.00	-	-
Khoo Boo Wui	^(b) 122,500,000	17.50	-	-	24,500,000	17.50	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

Notes: -

- (a) Transfer of subscribers' shares in Volcano to Khoo Boo Wui.
- (b) Comprises of 122,499,000 shares in Volcano pursuant to the Acquisition of VNP and total of 1,000 subscribers' shares in Volcano that was transferred from the Company's previous shareholders, namely Lim Yong Chiat and Wang Hooi Choo.
- (c) Based on the number of 700,000,000 Shares after the completion of the Acquisition of VNP, the transfer of subscribers' shares in Volcano to Khoo Boo Wui but before the Share Consolidation.
- (d) Based on the number of 140,000,000 Shares after the completion of the Acquisition of VNP, the transfer of subscribers' shares in Volcano to Khoo Boo Wui and the Share Consolidation but before the IPO.

5.1.4 Persons exercising control over the corporation

Save for our Promoters and substantial shareholders who collectively hold approximately 63.64% of our enlarged number of issued shares upon our Listing, we are not aware of any other person who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

5.2 DIRECTORS

5.2.1 Shareholdings of Directors

The shareholdings of our Directors before and after the IPO are as follows: -

Directors	Designation	Before the IPO/As at the LPD ⁽ⁱ⁾				After the IPO ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Wong Wan Chin, D.J.N	Independent Non-Executive Chairman	-	-	-	-	1,000,000	0.61	-	-
Datuk Ch'ng Huat Seng	Managing Director	35,000,000	25.00	-	-	28,000,000	16.97	-	-
Gan Yew Thiam	Executive Director	35,000,000	25.00	-	-	21,000,000	12.73	-	-
Dato' Wong Tze Peng	Executive Director	24,500,000	17.50	-	-	24,500,000	14.85	-	-
Yeap Guan Seng	Executive Director	21,000,000	15.00	-	-	10,500,000	6.36	-	-
Khoo Boo Wui	Executive Director/Chief Financial Officer	24,500,000	17.50	-	-	21,000,000	12.73	-	-
Tan Yen Yeow	Independent Non-Executive Director	-	-	-	-	1,000,000	0.61	-	-
Hing Poe Pyng	Independent Non-Executive Director	-	-	-	-	1,000,000	0.61	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*cont'd*)

Notes: -

- (i) Based on our number of 140,000,000 Shares.
- (ii) Based on our enlarged number of 165,000,000 Shares after the IPO.
- (iii) Assuming the Independent Non-Executive Chairman and Independent Non-Executive Directors will subscribe in full for their respective entitlements pursuant to the Pink Form Allocations.

5.2.2 Profiles of Directors

Our Board consists of six (6) male Directors and two (2) female Directors, with sound knowledge and expertise in manufacturing of nameplates and plastic injection moulded parts and components, legal as well as accounting and finance of which three (3) out of the eight (8) Directors are independent directors. Our Board takes cognisance of the MCCG which contains recommendation for appointment of board and senior management which are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender, which includes having at least half of its directors as independent directors and 30% women directors on Board.

In adopting gender diversity, steps are taken to ensure female candidates are sought in the Group's recruitment exercise for Board representation to ensure that both genders are represented on the Board. The Group will endeavour to comply with the MCCG recommendation to have at least half of its directors as independent directors within three (3) years from our Listing subject to assessment by our Nomination Committee and the approval of our Board.

The profiles of our Directors, Datuk Ch'ng Huat Seng, Gan Yew Thiam, Dato' Wong Tze Peng, Yeap Guan Seng and Khoo Boo Wui, who are also our Promoters and substantial shareholders are disclosed in Section 5.1.2 of this Prospectus. The profiles of our other Directors are as follows: -

- (i) **Wong Wan Chin, D.J.N**, Malaysian, aged 46 is our Independent Non-Executive Chairman. She was appointed to our Board on 26 March 2018. She is also the Chairman of our Remuneration Committee and a member of our Audit and Risk Management Committee and Nomination Committee.

She has twenty-one (21) years of working experience in the legal field. She graduated from the University of Malaya in 1999 with a second upper class honours in LL.B (Hons.) law degree.

Upon obtaining her Degree Certificate, she started her career as a legal assistant in the legal firm, Messrs. Wong-Chooi & Mohd Nor in 2000. In 2002, she became a partner of the firm until 2009. Thereafter, she spent approximately eight (8) years with the legal firm, Messrs. Lio & Partners as a partner where she was in charge of two (2) branches before she established the legal firm, Messrs. Wong & Loh, as a partner in 2017.

She was conferred the title Darjah Johan Negeri (D.J.N) by T.Y.T Yang Di-Pertua Negeri Pulau Pinang in July 2017. She is presently the legal advisor of Penang Foundry & Engineering Industries Association and a committee member of the Penang Chinese Chamber of Commerce. Her areas of practice include banking and finance, corporate and commercial, real estate, trust, wills and estate administration and family law.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

- (ii) **Tan Yen Yeow**, Malaysian, aged 51 is our Independent Non-Executive Director. He was appointed to our Board on 5 April 2019 and is also the Chairman of our Audit and Risk Management Committee. He is also a member of our Remuneration Committee and Nomination Committee.

He is a Chartered Accountant with the Malaysian Institute of Accountants since 1997. He is also a member of the Institute of Internal Auditors Malaysia since 2004 and a Certified Internal Auditor of Institute of Internal Auditors Inc since 2005.

He began his professional career with KPMG in 1990 as an articled student under the MICPA programme. During his tenure in KPMG, he was promoted to an Assistant Audit Manager and left KPMG in 1999. Thereafter, he was involved in providing corporate secretarial consulting services for private companies on a freelance basis until 2001 when he set up his audit firm, Tan Yen Yeow & Company in the same year.

He has been involved in providing professional services which include auditing, internal auditing and risk management for approximately nineteen (19) years. Mr Tan is currently the Independent Non-Executive Directors of Ewein Berhad, an investment holding company and Jade Marvel Group Berhad (formerly known as JMR Conglomeration Bhd), an investment holding company and providing management services. He is also an executive board member of two (2) private companies namely Nutti Sdn Bhd, involved in trading in cosmetic and personal care products and Finfield Corporate Services Sdn Bhd involved in the provision of accountancy, consultancy, internal audit, corporate and other services.

- (iii) **Hing Poe Pyng**, Malaysian, aged 44 is our Independent Non-Executive Director. She was appointed to our Board on 20 April 2018. She is also the Chairman of our Nomination Committee, a member of our Audit and Risk Management Committee and Remuneration Committee.

She has over fifteen (15) years working experience in corporate secretary consulting and services and credit analysis in financial institution.

She graduated with a Bachelor Degree of Commerce from Liverpool John Moores University, The United Kingdom in 2003 and obtained an Associateship of The Institute of Chartered Secretaries and Administrators ("**ACIS**") in 2009.

Upon obtaining her Bachelor Degree, she was employed by Fastrack Corporate Sdn Bhd, a corporate secretarial and business process outsourcing service provider in Penang, Malaysia from 2003 to 2004, assisting a diversified portfolio of client including listed or non-listed companies, in preparation, submission and any other secretarial matters to ensure the full compliance with statutory requirements under the companies laws. Her last position held in Fastrack Corporate Sdn Bhd was a Senior Secretarial Assistant.

In 2004, she switched her career path to join Hong Leong Bank Berhad as a Credit Executive. She was involved in operational risk data collection and report writing as well as reviewing security documents for loan purposes. She left Hong Leong Bank Berhad in 2006.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

In 2006, she returned to Fastrack Corporate Sdn Bhd as a Senior Manager, handling the secretarial matters until 2014. From 2014 to 2017, she was a Manager in Boardroom Corporate Services (PG) Sdn Bhd and was responsible for providing secretarial services pertaining to the prevailing legislations relating to the Companies Act, Listing Requirements of Bursa Securities, MCCG and the CMSA. In 2017, she assumed her current position as an Executive Director in Braxton Consulting Sdn Bhd, involved in the provision of consultancy services of which she is also a shareholder.

5.2.3 Involvement of our Directors in other business/corporation outside our Group

Save as disclosed below, our Directors do not have any other principal directorship held or principal business activities performed by them in other corporations outside our Group within the past five (5) years up to the LPD: -

(i) Wong Wan Chin, D.J.N

Company	Principal Activities	Relationship	Capacity of Directorship/ (Direct or Indirect Shareholdings (%))	Date of Appointment/ (Resignation) as Director
Lio & Partners	Advocates & Solicitors	Partner	Executive Partner/ (35% of direct interest)	10.10.2009/ 30.4.2017
Wong & Loh	Advocates & Solicitors	Managing Partner	Executive Partner/ (39% of direct interest)	01.05.2017/ -
Zola Chemical Resources Sdn. Bhd.	Dormant (Note: As at the LPD, it is still a dormant company.)	Director/ Shareholder	Non-Executive Director/ (50% of direct interest)	26.08.2016/ -
BML Development Sdn. Bhd. (formerly known as Lexicon Avenue Sdn. Bhd.)	Dormant (Note: As at the LPD, it is still a dormant company.)	Director	Non-Executive Director/ (-)	02.05.2017/ 10.09.2019
Polygold Avenue Sdn. Bhd.	Property investment	Director/ Shareholder	Non-Executive Director/ (15% of direct interest)	23.03.2015/ -
W & L Advisory Sdn. Bhd. (formerly known as W & L Avenue Sdn. Bhd.)	Dormant (Note: As at the LPD, it is still a dormant company.)	Director/ Shareholder	Non-Executive Director/ (50% of direct interest)	27.04.2017/ -
Nova Treasure Sdn. Bhd.	Struck off by ROC on 11.08.2017	Director	Non-Executive Director/ (-)	09.01.2015/ -
Global Learning and Training Academy Sdn. Bhd.	Dissolved on 07.02.2020	Director	Non-Executive Director/ (-)	18.05.2017/ -

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

(ii) Datuk Ch'ng Huat Seng

Company	Principal Activities	Relationship	Capacity of Directorship/ (Direct or Indirect Shareholdings (%))	Date of Appointment/ (Resignation) as Director
Volcano Tech International Berhad	Struck off by ROC on 03.11.2017	Director/ Shareholder	Executive Director/ (25% of direct interest)	03.01.2012/ -
V Oragiene Sdn. Bhd.	Struck off by ROC on 08.08.2019	Director	Non-Executive Director/ (-)	05.12.2011/ -
Emblem Marketing Sdn. Bhd.	Dissolved on 02.09.2017	Director/ Shareholder	Executive Director/ (30% of direct interest)	28.04.2011/ -
V-Craft Precision Engraving Sdn. Bhd.	Struck off by ROC on 29.11.2016	Director/ Shareholder	Executive Director/ (27.27% of direct interest)	11.06.2008/ -
V-Two Technology Sdn. Bhd.	Investment in properties and shares.	Director	Executive Director/ (-)	14.12.2007/ 01.12.2018
Volcano Tech (M) Sdn Bhd	Struck off by ROC on 29.11.2016	Director/ Shareholder	Executive Director/ (30% of direct interest)	21.12.2005/ -
V-Summit Technologies Sdn. Bhd.	Dissolved on 20.12.2018	Director/ Shareholder	Executive Director/ (30% of direct interest)	08.07.2005/ -

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

(iii) Gan Yew Thiam

Company	Principal Activities	Relationship	Capacity of Directorship/ (Direct or Indirect Shareholdings (%))	Date of Appointment/ (Resignation) as Director
E-Platinum Tech Sdn Bhd	Automobile spray painting	Shareholder	(-)/ (20.10% of direct interest)	N/A
LYP Machineries Sdn. Bhd.	Repairing, servicing and trading of machineries	Director/ Shareholder	Non-Executive Director/ (50% of direct interest)	19.06.2013/ -
Volcano Tech International Berhad	Struck off by ROC on 03.11.2017	Director/ Shareholder	Executive Director/ (25% of direct interest)	03.01.2012/ -
V Oragiene Sdn. Bhd.	Struck off by ROC on 08.08.2019	Director	Non-Executive Director/ (-)	05.12.2011/ -
Emblem Marketing Sdn. Bhd.	Dissolved on 02.09.2017	Director/ Shareholder	Executive Director/ (30% of direct interest)	08.04.2011/ -
V-Craft Precision Engraving Sdn. Bhd.	Struck off by ROC on 29.11.2016	Director/ Shareholder	Executive Director/ (27.27% of direct interest)	11.06.2008/ -
V-Two Technology Sdn. Bhd.	Investment in properties and shares.	Director	Executive Director/ (-)	14.12.2007/ 23.10.2019
Voicano Tech (M) Sdn Bhd	Struck off by ROC on 29.11.2016	Director/ Shareholder	Executive Director/ (30% of direct interest)	21.12.2005/ -
V-Summit Technologies Sdn. Bhd.	Dissolved on 20.12.2018	Director/ Shareholder	Executive Director/ (30% of direct interest)	08.07.2005/ -
Chromiel Coloured Sdn. Bhd.	Trading of chromed products	Shareholder ⁽ⁱ⁾	(-)/ (45% of indirect interest)	N/A

Note: -

(i) Deemed interested by virtue of his shareholdings in E-Platinum Tech Sdn Bhd.pursuant to Section 8 of the Act.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

(iv) Dato' Wong Tze Peng

Company	Principal Activities	Relationship	Capacity of Directorship/ (Direct or Indirect Shareholdings (%))	Date of Appointment/ (Resignation) as Director
Upicon United Sdn. Bhd.	Property development	Director	Non-Executive Director/ (-)	24.06.2015/ 16.10.2017
Kuchai Ace United Sdn. Bhd.	Property development	Director/ Shareholder	Non-Executive Director/ (50% direct interest)	29.05.2015/ -
Sunderland Ace Sdn. Bhd.	Property development	Director	Non-Executive Director/ (-)	06.05.2015/ 08.11.2016
Volcano Tech International Berhad	Struck off by ROC on 03.11.2017	Director/ Shareholder	Executive Director/ (25% of direct interest)	03.01.2012/ -
Volcano Tech (M) Sdn Bhd	Struck off by ROC on 29.11.2016	Shareholder	(-)/ (20% of direct interest)	N/A
V Oragiene Sdn. Bhd.	Struck off by ROC on 08.08.2019	Director/ Shareholder ⁽ⁱ⁾	Executive Director/ (51% of indirect interest)	05.12.2011/ -
Wyann Asia Pacific Sdn. Bhd.	Struck off by ROC on 18.05.2017	Director/ Shareholder	Non-Executive Director/ (18% of direct interest)	10.05.2011/ -
Emblem Marketing Sdn. Bhd.	Dissolved on 02.09.2017	Director/ Shareholder	Executive Director/ (20% of direct interest)	28.04.2011/ -
WH Hardware Sdn. Bhd.	Trading of industrial hardware	Director/ Shareholder/ Manager	Non-Executive Director/ (99% of direct interest)	08.03.2011/ -
Slim Up (M) Sdn. Bhd.	Struck off by ROC on 26.09.2017	Director/ Shareholder/ Manager	Non-Executive Director/ (34% of direct interest)	26.07.2008/ -
V-Craft Precision Engraving Sdn. Bhd.	Struck off by ROC on 29.11.2016	Director/ Shareholder	Executive Director/ (18.18% of direct interest)	11.06.2008/ -
V-Two Technology Sdn. Bhd.	Investment in properties and shares	Director/ Shareholder	Executive Director/ (100% of direct interest)	14.12.2007/ -

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

Company	Principal Activities	Relationship	Capacity of Directorship/ (Direct or Indirect Shareholdings (%))	Date of Appointment/ (Resignation) as Director
V-Summit Technologies Sdn. Bhd.	Dissolved on 20.12.2018	Director/ Shareholder	Executive Director/ (20% of direct interest)	08.07.2005/ -
W H Industrial Supply (M) Sdn. Bhd.	Struck off by ROC on 30.11.2017	Director/ Shareholder/ Manager	Non-Executive Director/ (98% of direct interest)	09.06.1995/ -
V2 Development Sdn Bhd	Dormant (Note: As at the LPD, it is still a dormant company.)	Shareholder	(-)/ (50% of direct interest)	N/A
Flytech Engineering Sdn Bhd	Manufacturing of flexible hose & fitting accessories	Shareholder	(-)/ (7% of direct interest)	N/A
FT Hose & Hose Sdn Bhd	Manufacturing of hose and expansion joint	Shareholder	(-)/ (7% of direct interest)	N/A
My Healthland (HQ) Sdn Bhd	Massage and reflexology service provider	Shareholder	(-)/ (3.40% of direct interest)	N/A
Upicon Mercury Sdn Bhd	Property development	Director	Non-Executive Director/ (-)	01.07.2020/ -
Jim Stories Sdn Bhd	Operator of restaurant café, lounge and franchisee of food and beverage	Director/ Shareholder	Non-Executive Director/ (85.71% of direct interest)	06.08.2020/ -

Note: -

- (i) Deemed interested by virtue of his shareholdings in V-Two Technology Sdn Bhd pursuant to Section 8 of the Act.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

(v) Yeap Guan Seng

Company	Principal Activities	Relationship	Capacity of Directorship/ (Direct or Indirect Shareholdings (%))	Date of Appointment/ (Resignation) as Director
Chromiel Coloured Sdn. Bhd.	Trading of chromed products	Director/ Shareholder	Non-Executive Director/ (45% of indirect interest) ⁽ⁱ⁾	30.05.2016/ -
Costist International Trading Sdn. Bhd.	Property investment	Director/ Shareholder	Executive Director/ (50% of direct interest)	02.10.2015/ -
Ezi Asia Sdn. Bhd.	Struck off by ROC on 27.12.2019	Director/ Shareholder	Non-Executive Director/ (40% of direct interest)	14.08.2015/ -
Merciful Way (M) Sdn Bhd	Transportation service	Shareholder	(-)/ (10% of direct interest)	N/A
Very Capital Sdn. Bhd.	Property investment	Director/ Shareholder	Executive Director/ (76% of direct interest)	16.04.2015/ -
Volcano Tech International Berhad	Struck off by ROC on 03.11.2017	Director/ Shareholder	Executive Director/ (25% of direct interest)	03.01.2012/ -
V Oragiene Sdn. Bhd.	Struck off by ROC on 08.08.2019	Director	Executive Director/ (-)	05.12.2011/ -
Emblem Marketing Sdn. Bhd.	Dissolved on 02.09.2017	Director/ Shareholder	Executive Director/ (20% of direct interest)	08.04.2011/ -
V-Craft Precision Engraving Sdn. Bhd.	Struck off by ROC on 29.11.2016	Director/ Shareholder	Executive Director/ (27.27% of direct interest)	11.06.2008/ -
V-Two Technology Sdn. Bhd.	Investment in properties and shares.	Director	Executive Director/ (-)	14.12.2007/ 23.10.2019
E-Platinum Tech Sdn. Bhd.	Automobile spray painting	Director/ Shareholder	Executive Director/ (46.90% of direct interest)	07.07.2007/ -
Volcano Tech (M) Sdn Bhd	Struck off by ROC on 29.11.2016	Director/ Shareholder	Executive Director/ (20% of direct interest)	21.12.2005/ -
V-Summit Technologies Sdn. Bhd.	Dissolved on 20.12.2018	Director/ Shareholder	Executive Director/ (20% of direct interest)	08.07.2005/ -
Rangoli Fusion Veggies (M) Sdn Bhd	Restaurant operator	Director/ Shareholder	Non-Executive Director/ (30% of direct interest)	30.7.2018/ -

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

Note: -

(i) Deemed interested by virtue of his shareholdings in E-Platinum Tech Sdn Bhd pursuant to Section 8 of the Act.

(vi) Khoo Boo Wui

Company	Principal Activities	Relationship	Capacity of Directorship/ (Direct or Indirect Shareholdings (%))	Date of Appointment/ Resignation as Director
Pink Guava Sdn. Bhd.	Struck off by ROC on 04.10.2016	Director/ Shareholder	Executive Director/ (10.00% of direct interest)	01.12.2005/ -

(vii) Tan Yen Yeow

Company	Principal Activities	Relationship	Capacity of Directorship/ Direct or Indirect Shareholdings (%)	Date of Appointment/ (Resignation) as Director
Tan Yen Yeow & Company	Audit service	Sole Proprietor	Sole Proprietor/ (100% of direct interest)	27.11.2001/ -
Nutti Sdn Bhd	Trading in cosmetic and personal care products	Director/ Shareholder	Executive Director/ (50% of direct interest)	03.10.2013/ -
Ewein Berhad	Investment holding involved in the manufacturing of precision sheet metal fabricated parts and property developments	Director	Independent Non-Executive Director/ (-)	27.05.2015/ -
Jade Marvel Group Berhad (formerly known as JMR Conglomeration Bhd)	Investment holding and providing management services in the sector of manufacturing, property development, construction and investment.	Director	Independent Non-Executive Director/ (-)	01.04.2013/ -
Finfield Corporate Services Sdn. Bhd.	Provision of accountancy, consultancy, internal audit, corporate and other services	Director/ Shareholder	Executive Director/ (50% of direct interest)	14.11.2008/ -
Sweet Selections F&B (KLCC) Sdn. Bhd.	Dissolved on 18.01.2019	Shareholder	(-)/ (50% of direct interest)	N/A

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)**(viii) Hing Poe Pyng**

Company	Principal Activities	Relationship	Capacity of Directorship/ Direct or Indirect Shareholdings (%)	Date of Appointment/ (Resignation) as Director
Metoxide Frits and Chemicals Sdn. Bhd.	Trading of chemicals	Director	Non-Executive Director/ (-)	17.12.2018/ -
Metoxide Malaysia Sdn. Bhd.	Manufacturing and selling of zinc oxide and trading chemicals	Director	Non-Executive Director/ (-)	17.12.2018/ -
Braxton Corporate Advisory Sdn. Bhd.	Dormant (<i>Note: As at the LPD, it is still a dormant company.</i>)	Director/ (-)	Executive Director/ (-)	11.06.2018/ -
Braxton Consulting Sdn. Bhd.	Provision of consultancy services	Director/ Shareholder	Executive Director/ (30% of direct interest)	8.12.2017/ -
Braxton Group Sdn Bhd	Dormant (<i>Note: As at LPD, it is still a dormant company</i>)	Director/ Shareholder	Executive Director/ (50% direct interest)	18.12.2019/ -
TPS Thermal Product Solutions (M) Sdn Bhd	Provision of Engineering Services and Sale of Equipment Spare Parts to the Semiconductor Industry	Director	Non-Executive Director/ (-)	12.03.2019/ -
Macando Sdn. Bhd.	Investment holdings in properties & securities	Director	Non-Executive Director/ (-)	28.02.2019/ -

The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our executive Directors in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

5.2.4 Directors' remuneration and benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2020 and FYE 2021 are as follows: -

FYE 2020

Directors	Directors' fees (RM'000)	Salaries (RM'000)	Commission (RM'000)	Other Emoluments (ii) (RM'000)	Benefit-in-kind (RM'000)	Total (RM'000)
Wong Wan Chin, D.J.N (i)	-	-	-	-	-	-
Datuk Ch'ng Huat Seng	-	757	-	169	-	926
Gan Yew Thiam	-	366	-	103	-	469
Yeap Guan Seng	-	677	-	153	-	830
Dato' Wong Tze Peng	-	302	-	79	-	381
Khoo Boo Wui	-	242	-	47	-	289
Tan Yen Yeow (i)	-	-	-	-	-	-
Hing Poe Pyng (i)	-	-	-	-	-	-

Estimated for FYE 2021

Directors	Directors' fees (RM'000)	Salaries (RM'000)	Commission (RM'000)	Other Emoluments (ii) (RM'000)	Benefit-in-kind (RM'000)	Total (RM'000)
Wong Wan Chin, D.J.N (i)	50	-	-	-	-	50
Datuk Ch'ng Huat Seng	-	780	-	171	-	951
Gan Yew Thiam	-	376	-	105	-	481
Yeap Guan Seng	-	697	-	156	-	853
Dato' Wong Tze Peng	-	311	-	80	-	391
Khoo Boo Wui	-	250	-	48	-	298
Tan Yen Yeow (i)	50	-	-	-	-	50
Hing Poe Pyng (i)	30	-	-	-	-	30

Notes: -

- (i) There is no remuneration, bonus or profit sharing or any contingent or deferred remuneration for the Independent Non-Executive Directors for FYE 2020 and FYE 2021. The estimated remuneration to the Independent Non-Executive Directors for FYE 2021 is only for the periods commencing upon the Listing.
- (ii) Other emoluments include allowances, contribution to Employees' Provident Fund, Social Security Organisation and insurance.

The estimated amount of directors' remuneration and benefits for FYE 2021 does not include any bonus or profit-sharing plan by the Group.

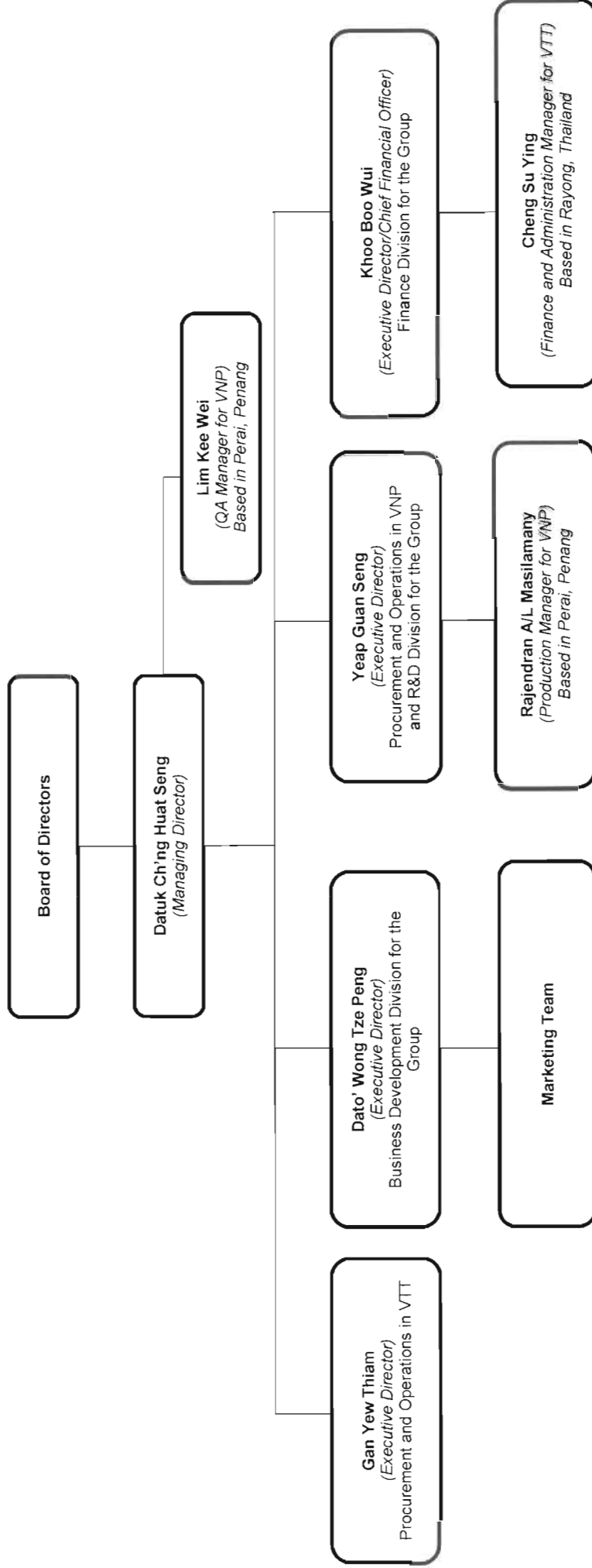
The remuneration includes our Directors' salaries, bonus, fees and allowances as well as other benefits, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Any payment in Directors' fees as set out in our Constitution must be approved by our shareholders pursuant to an ordinary resolution passed at a general meeting where appropriate notice of the proposed changes should be given.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

5.3 KEY SENIOR MANAGEMENT PERSONNEL

5.3.1 Management structure

As at the LPD, our management reporting structure is depicted as follows: -



Note: -

The QA Manager for VTT is Mr Somsak Worason which is based in Rayong, Thailand.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL *(cont'd)*

5.3.2 Shareholdings of the key senior management personnel

The shareholdings of our key senior management personnel in our Company before and after our IPO assuming that our key senior management personnel will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below: -

Key senior management personnel	Designation	As at the LPD/Before the IPO				After the IPO ⁽ⁱ⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Lim Kee Wei	QA Manager	-	-	-	-	100,000	0.06	-	-
Rajendran A/L Masilamany	Production Manager	-	-	-	-	100,000	0.06	-	-
Cheng Su Ying	Finance and Administration Manager	-	-	-	-	100,000	0.06	-	-

Note: -

(i) Based on our enlarged number of 165,000,000 Shares.

5.3.3 Profiles of key senior management personnel

Save for the profiles of our Directors, which are disclosed in Section 5.2.2 of this Prospectus, the profiles of the other key senior management personnel of our Group are as follows: -

- (i) **Lim Kee Wei**, Malaysian, aged 49, is our QA Manager. She is based in Perai, Penang and is responsible for managing the quality assurance and control team in VNP.

She has accumulated twenty-three (23) years of working experience in the field of quality assurance and control in Malaysia. Upon receiving her Diploma Certificate in 1998 from Tunku Abdul Rahman College, she began her career as a QA Executive in Public Package Sdn Bhd, a total package and display solutions provider in Malaysia. In February 2000, she left Public Package Sdn Bhd and undertook the role of a QA Officer for wire drawing process in Chin Herr Industries (M) Sdn Bhd, a manufacturer of wire products and left the company in August 2000.

Subsequently, she joined Oriental Shimomura Drawing (M) Sdn Bhd, a manufacturer of steel bars as a QA Executive in August 2000 in the quality assurance and control field of steel products for another three (3) years. In 2003, she resigned from Oriental Shimomura Drawing (M) Sdn Bhd and assumed the position of a QA Engineer in Regency Device Sdn Bhd, a service provider involved in the inspection of high quality semi-conductors to multinational companies in the region. Prior to joining our Group, she was a QA Executive in Amcor Fibre Sdn Bhd, a manufacturer of packaging products from 2004 to 2006. Thereafter, in 2006, she joined our Group and assumed her current position as a QA Manager in VNP.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*cont'd*)

- (ii) **Rajendran A/L Masilamany**, Malaysian, aged 41, is the Production Manager for VNP and is based in Perai, Penang. He is responsible for handling our production in VNP and the R&D activities of our Group.

He obtained a Sijil Kemahiran Malaysia from Sekolah Menengah Teknik Butterworth in 1997.

In 1998, he joined L.S Foo Mechanical, a manufacturer of machine tools as a Mechanician and was in charge of machining of components before commencing his career with VNP. In 2004, he left L.S Foo Mechanical and joined VNP as a Stamping Engineer and was responsible for tooling design and first article sample. After three (3) years, he was promoted to a Stamping Section Manager and R&D. He was promoted to his current position in 2012 to further improve our production efficiency and developments. He has vast experience in re-engineering of tooling to enhance production efficiency and plays an instrumental role in the implementation of laser cutting technology in our Group.

- (iii) **Cheng Su Ying**, Malaysian, aged 38, is our Finance and Administration Manager for VTT and is based in Rayong, Thailand. She obtained an Advanced Diploma in Accounting and Business from the Association of Chartered Certified Accountants ("**ACCA**") in March 2017.

She began her career as an Accounts Clerk at Tejari Sdn Bhd, a manufacturer of hydraulic automation system in 2004 and was subsequently promoted to Account Executive in 2007. In 2011, she joined VNP as an Assistant Accountant and was in charge of the company's day-to-day operations in the areas of accounting and finance.

She was subsequently transferred to VTT as a Finance and Administration Manager in 2013. Her responsibilities include overseeing the overall back office support functions of VTT covering finance, human resources and administration.

5.3.4 Involvement of our key senior management personnel in other business/corporation outside our Group

Our key senior management personnel do not have any other principal directorship held or principal business activities performed by them in other corporations outside our Group within the past five (5) years up to the LPD.

5.3.5 Key senior management personnel's remuneration and benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our key senior management personnel for services rendered in all capacities to our Group for FYE 2020 and FYE 2021 are as follows: -

FYE 2020

Key senior management personnel	(in bands of RM50,000)			
	Remuneration (RM'000)	Bonus (RM000)	Benefits-in-kind (RM'000)	Total (RM'000)
Rajendran A/L Masilamany	51-100	1-50	-	51-100
Lim Kee Wei	51-100	1-50	-	51-100
Cheng Su Ying	51-100	1-50	1-50	51-100

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

Estimated for FYE 2021

Key senior management personnel	(in bands of RM50,000)			
	Remuneration (RM'000)	Bonus (RM000)	Benefits-in-kind (RM'000)	Total (RM'000)
Rajendran A/L Masilamany	51-100	1-50	-	51-100
Lim Kee Wei	51-100	1-50	-	51-100
Cheng Su Ying	51-100	1-50	1-50	51-100

There is no profit-sharing plan or any contingent or deferred remuneration for the key senior management personnel for FYE 2020.

The estimated amount of key senior management personnel's remuneration and benefits for FYE 2021 does not include any profit-sharing plan by the Group.

The remuneration includes our key senior management personnel's salaries, bonus, fees and allowances as well as other benefits, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

5.4 BOARD PRACTICE

5.4.1 Directorship

The number of years that our Directors have served in office and the date of expiration of their respective terms of office are set out below: -

Name	Designation	Date of appointment	Date of expiration of the current term of office	No. of years in office as at the LPD
Wong Wan Chin, D.J.N	Independent Non-Executive Chairman	26 March 2018	At the next Annual general meeting in 2024	2 years and approximately 11 months
Datuk Ch'ng Huat Seng	Managing Director	2 March 2018	At the next Annual general meeting in 2022	2 years and approximately 11 months
Gan Yew Thiam	Executive Director	2 March 2018	At the next Annual general meeting in 2023	2 years and approximately 11 months
Dato' Wong Tze Peng	Executive Director	2 March 2018	At the next Annual general meeting in 2023	2 years and approximately 11 months
Yeap Guan Seng	Executive Director	2 March 2018	At the next Annual general meeting in 2023	2 years and approximately 11 months
Khoo Boo Wui	Executive Director/ Chief Financial Officer	2 March 2018	At the next Annual general meeting in 2024	2 years and approximately 11 months
Tan Yen Yeow	Independent Non-Executive Director	5 April 2019	At the next Annual general meeting in 2022	1 years and approximately 10 months

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*cont'd*)

Name	Designation	Date of appointment	Date of expiration of the current term of office	No. of years in office as at the LPD
Hing Poe Pyng	Independent Non-Executive Director	20 April 2018	At the next Annual general meeting in 2022	2 years and approximately 10 months

In accordance with our Constitution, an election of Directors shall take place each year at the annual general meeting of the Company, where one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election. This is provided always that all Directors shall retire from office but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

5.4.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 26 March 2018 and its members are appointed by our Board.

The members of our Audit and Risk Management Committee as at the LPD are as follows: -

Name	Designation	Directorship
Tan Yen Yeow	Chairman	Independent Non-Executive Director
Wong Wan Chin, D.J.N	Member	Independent Non-Executive Chairman
Hing Poe Pyng	Member	Independent Non-Executive Director

Wong Wan Chin, D.J.N is a lawyer by profession while Hing Poe Pyng is experienced in company secretarial matters. Notwithstanding they do not have financial related degrees, they are experienced in their own respective fields having dealt with various corporate matters and would be able to support the Audit and Risk Management Committee Chairman, Tan Yen Yeow whom is an experienced accountant, in any decision making.

The main functions of the Audit and Risk Management Committee include, *inter-alia*, the following: -

(i) Audit functions

To review the audit plans and audit reports with our external auditors, review the scope, functions, competency and resources of the internal audit function of which the internal auditors should report directly to the Audit and Risk Management Committee, review the quarterly and yearly financial statements, appointment and re-appointment of the external auditors and review of related party transactions.

(ii) Risk management functions

To review the evaluation and findings of the risk management systems and internal controls, to determine, review and recommend risk management strategies, policies and risk tolerance, to review and assess the adequacy of risk management policies and framework to assess the adequacy of the business recovery/disaster recovery procedures.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

5.4.3 Remuneration Committee

Our Remuneration Committee was established on 26 March 2018 and its members are appointed by our Board.

The members of our Remuneration Committee as at the LPD are as follows: -

Name	Designation	Directorship
Wong Wan Chin, D.J.N	Chairman	Independent Non-Executive Chairman
Tan Yen Yeow	Member	Independent Non-Executive Director
Hing Poe Pyng	Member	Independent Non-Executive Director

The main function of our Remuneration Committee include, *inter-alia*, to recommend a framework of remuneration for all Directors and key senior management personnel for the Board's approval, to review and recommend to our Board the remuneration package of our Executive Directors and if applicable, senior management, which should be aligned with the business strategy and long-term objectives of our Company and to recommend any other compensation and benefits related functions as authorised/defined by the Board.

5.4.4 Nomination Committee

Our Nomination Committee was established on 26 March 2018 and its members are appointed by our Board.

The members of our Nomination Committee as at the LPD are as follows: -

Name	Designation	Directorship
Hing Poe Pyng	Chairman	Independent Non-Executive Director
Wong Wan Chin, D.J.N	Member	Independent Non-Executive Chairman
Tan Yen Yeow	Member	Independent Non-Executive Director

The main functions of the Nomination Committee include, *inter-alia*, the review of all nominations for the appointment or re-appointment of members of our Board and to determine the selection criteria thereof, review of the structure, size and composition of our Board, and to ensure that all our Board receives appropriate continuous training.

5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

As at the LPD, there is no family relationship (as defined under Section 197 of the Act) and/or association between our Promoters, Directors, substantial shareholders and key senior management personnel.

5.6 SERVICE AGREEMENTS

As at the LPD, none of our Directors and key senior management personnel has any existing or proposed service agreement with our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (cont'd)

5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL

As at the LPD, none of our Promoters, Directors, members of key senior management personnel is or has been involved in any of the following events (whether in or outside Malaysia): -

- (i) In the last ten (10) years, a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he/she was a partner or any corporation of which he was a director or member of key senior management personnel;
- (ii) Disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) In the last ten (10) years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) In the last ten (10) years, any judgment that was entered against him/her, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his/her part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) In the last ten (10) years, he/she was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his/her part that relates to the capital market;
- (vi) Being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him/her from engaging in any type of business practice or activity;
- (vii) In the last ten (10) years, he/she has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) Having any unsatisfied judgment against him/her.

5.8 BENEFITS PAID OR INTENDED TO BE PAID

Save for our Directors' remuneration and benefits as disclosed in Section 5.2.4 of this Prospectus, there is no amount and benefit that has been or is intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.

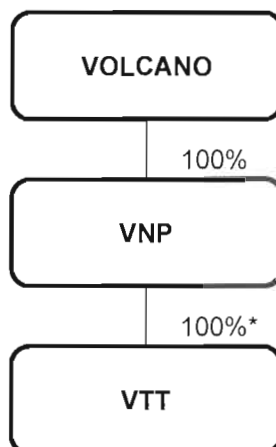
6. GENERAL INFORMATION ON OUR GROUP

6.1 INCORPORATION AND HISTORY

Volcano was incorporated in Malaysia on 2 February 2018 under the Act as a public limited company under our present name with the registration number 201801004790 (1266804-D).

We are an investment holding company. Through our subsidiaries, we are principally involved in manufacturing of nameplates and plastic injection moulded parts.

As at the LPD, our Group structure is depicted as follows: -



Note: -

- * There are two (2) VTT shares which are held by Gan Yew Thiam and Yeap Guan Seng in trust for VNP. According to the Thai Civil and Commercial Code, a private limited company must have at least three (3) shareholders to form a limited company.

Please refer to Section 6.3 of this Prospectus for detailed information on the principal activities of our subsidiaries.

There has been no material change in the manner in which our Company conducts its business or activities since our incorporation up to the LPD.

Please refer to Section 7.1 of this Prospectus for detailed information of our Group's history.

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6. GENERAL INFORMATION ON OUR GROUP (cont'd)**6.2 SHARE CAPITAL**

As at the LPD, our Company's issued share capital is RM70,000,000 comprising 140,000,000 Shares.

The changes in our Company's issued share capital since incorporation are as follows: -

Date of allotment	No. of Shares allotted/change	Consideration	Cumulative issued share capital (RM)
2 February 2018	100	Subscribers' shares in cash	100
12 February 2018	1,000	Subdivision of every one (1) existing Volcano Share into ten (10) Volcano Shares	100
2 March 2018	699,999,000	Shares issued pursuant to the Acquisition of VNP	70,000,000
18 May 2020	140,000,000	Shares Consolidation on the basis of five (5) Volcano Shares into one (1) Volcano Share	70,000,000

Upon completion of our IPO, our Company's issued share capital is expected increase to RM78,750,000 comprising 165,000,000 Shares.

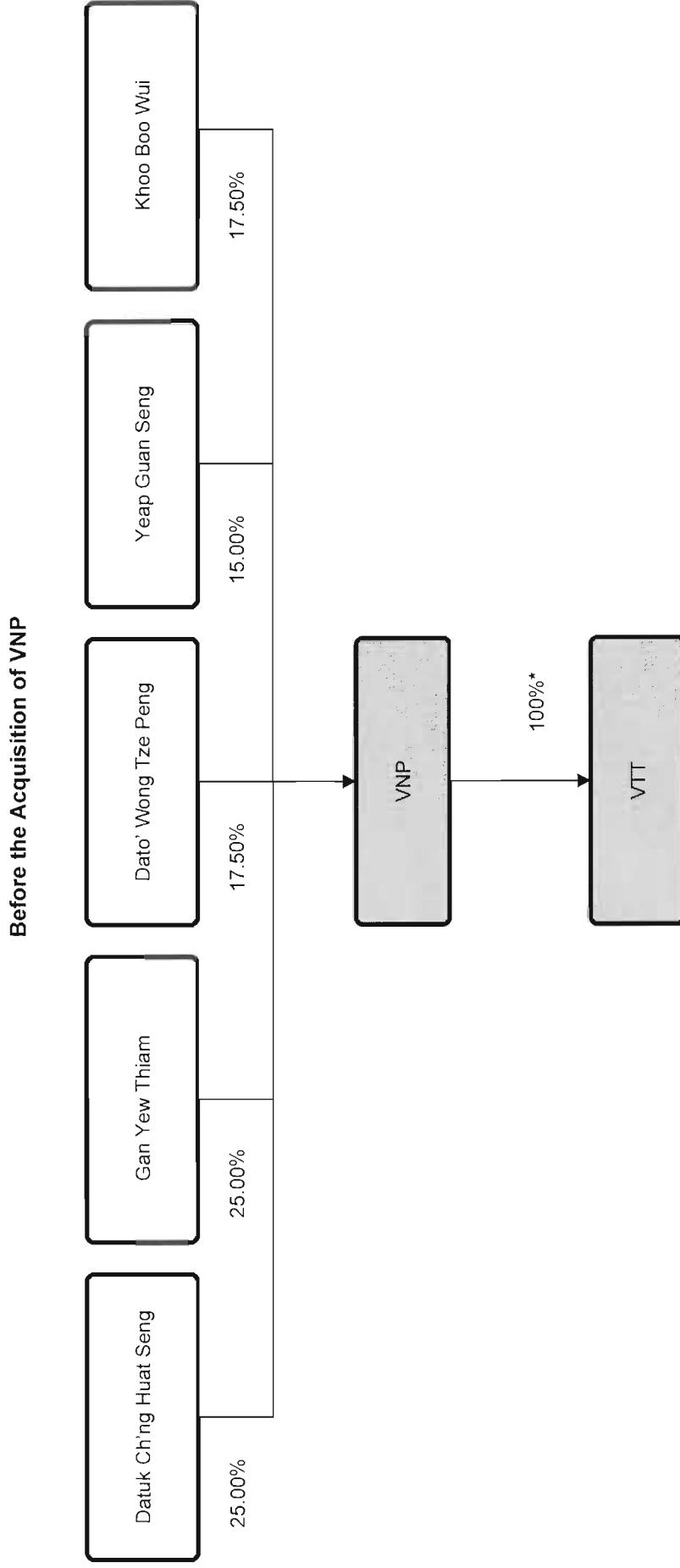
None of our Shares as tabulated above were issued at a discount, on special terms or instalment payment terms. As at the LPD, our Company does not have any warrant, option or convertible securities in issue or any uncalled capital.

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6. GENERAL INFORMATION ON OUR GROUP (cont'd)

6.3 SUBSIDIARIES

Our Group structure before the Acquisition of VNP is as follows: -



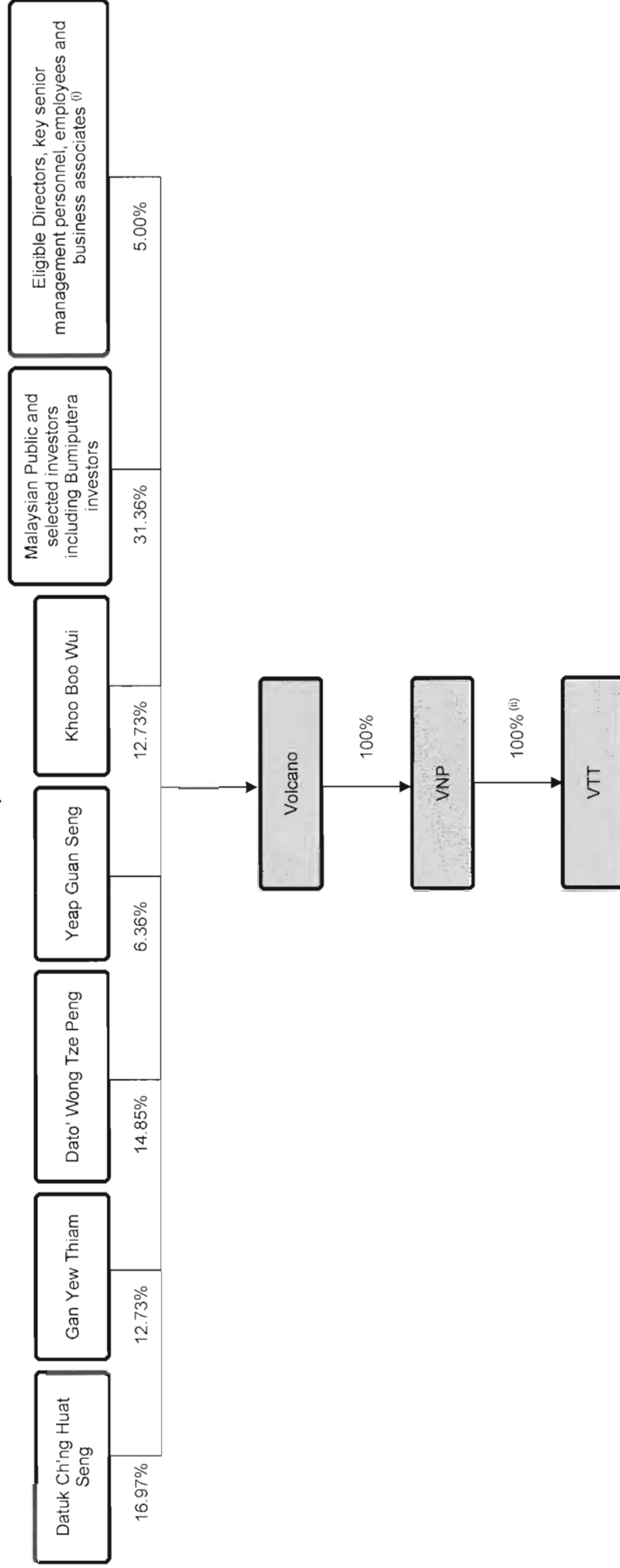
Note: -

* There are two (2) VTT shares held by Gan Yew Thiam and Yeap Guan Seng in trust for VNP. According to Thai Civil and Commercial Code, a private limited company must have at least three (3) shareholders to form a limited company.

6. GENERAL INFORMATION ON OUR GROUP (cont'd)

Our Group structure after the Acquisition of VNP and IPO is as follows: -

After the Acquisition of VNP and IPO



Notes: -

- (i) Assuming that our eligible Directors, key senior management personnel, employees and business associates fully subscribes for their respective entitlements pursuant to the Pink Form Allocations.
- (ii) There are two (2) VTT shares which are held by Gan Yew Thiam and Yeap Guan Seng in trust for VNP. According to the Thai Civil and Commercial Code, a private limited company must have at least three (3) shareholders to form a limited company.

6. GENERAL INFORMATION ON OUR GROUP (cont'd)

Details of our subsidiaries are summarised as follows: -

Subsidiaries	Date/ Place of incorporation	Principal place of business	Effective equity interest (%)	Issued share capital	Principal activities
VNP (199901001595(476495-W))	2 February 1999/ Malaysia	Penang, Malaysia	100	RM2,000,000	Manufacturing of nameplates.
Subsidiary of VNP					
VTT (0105551105252)	16 September 2008/ Thailand	Rayong, Thailand	100	THB80,000,000	Manufacturing of nameplates and plastic injection moulded parts.

6.4 LISTING SCHEME

In conjunction with and as an integral part of our Listing, we undertook the Listing Scheme as follows: -

6.4.1 Acquisition of VNP

Volcano had pursuant to the SSA acquired the entire issued share capital of VNP comprising 2,000,000 VNP Shares for a total Purchase Consideration of RM69,999,900 satisfied via the issuance of 699,999,000 new Volcano Shares at an issue price of RM0.10 per Volcano Share based on a price-to-book value of 1.2 times based on the estimated net tangible assets of VNP as at 31 December 2017 of RM58.32 million.

The new Shares issued pursuant to the Acquisition of VNP rank *pari passu* in all respects with the existing Shares and the new Shares are entitled to any dividends, rights, allotments or other distributions declared, made or paid after the date of allotment of the Shares.

The 699,999,000 Volcano Shares were issued to the Vendors of VNP on 2 March 2018. The issuance of new Volcano Shares are tabulated as follows: -

Vendors	No. of VNP Shares held	Equity interest held in VNP (%)	Purchase Consideration (RM)	No. of Volcano Shares issued
Datuk Ch'ng Huat Seng	500,000	25.00	17,500,000	175,000,000
Gan Yew Thiam	500,000	25.00	17,500,000	175,000,000
Dato' Wong Tze Peng	350,000	17.50	12,250,000	122,500,000
Yeap Guan Seng	300,000	15.00	10,500,000	105,000,000
Khoo Boo Wui	350,000	17.50	12,249,900	122,499,000
Total	2,000,000	100.00	69,999,900	699,999,000

Pursuant to the Acquisition of VNP, our issued share capital increased from RM100 comprising 1,000 Shares to RM70,000,000 comprising 700,000,000 Shares.

6. GENERAL INFORMATION ON OUR GROUP *(cont'd)*

6.4.2 IPO

(i) Public Issue

We will undertake a Public Issue of 25,000,000 Public Issue Shares, subject to the terms and conditions of this Prospectus, at the IPO Price to be allocated in the following manner: -

- (a) 8,250,000 Public Issue Shares, representing 5.00% of our enlarged number of issued Shares, will be made available for application by the Malaysian Public by way of balloting;
- (b) 8,250,000 Public Issue Shares, representing 5.00% of our enlarged number of issued Shares, will be made available for application by the eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to the success of our Group); and
- (c) 8,500,000 Public Issue Shares, representing approximately 5.15% of our enlarged number of issued Shares, will be made available for application by identified investors by way of private placement.

(ii) Offer for Sale

Our selling shareholders are undertaking the Offer for Sale of up to 35,000,000 Offer Shares, subject to the terms and conditions of this Prospectus, at the IPO Price to be allotted by way of private placement in the manner as described below: -

- (a) 14,375,000 Offer Shares, representing approximately of 8.71% of our enlarged number of issued Shares, will be made available for application by identified investors; and
- (b) 20,625,000 Offer Shares, representing approximately of 12.50% of our enlarged number of issued Shares, will be made available for application by Bumiputera investors approved by MITI.

6.4.3 ESOS

In conjunction with the Listing, we will implement an ESOS of up to thirty percent (30%) of our total number of issued Shares at any point in time during the existence of the ESOS, to be granted to the Eligible Person(s) of our Group.

Please refer to Section 4.4.4 and the ESOS By-Law(s) in Section 14 of this Prospectus for further details of our ESOS.

6.4.4 Listing

Upon completion of our IPO, our Company will be admitted to the Official List and our entire issued share capital of 165,000,000 Shares shall be listed and quoted on the ACE Market of Bursa Securities.

6. GENERAL INFORMATION ON OUR GROUP (cont'd)**6.5 MATERIAL INVESTMENTS AND DIVESTITURES**

Save as disclosed below, we did not incur any other material capital expenditure and divestitures for the past three (3) FYE 2018 to FYE 2020 and as at the LPD: -

Description	Transaction value (at cost)			
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)	As at the LPD (RM'000)
<u>Investments</u>				
Building improvements	-	-	119	-
Machinery & equipment	968	1,646	1,216	1,392
Electrical installation	3	505	13	-
Office equipment, furniture and fittings	63	133	147	14
Computer equipment	50	30	15	1
Renovations	123	278	339	23
Motor vehicles	-	16	-	-
Capital work-in-progress	-	34	957 ⁽ⁱ⁾	372
Total	1,207	2,642	2,806	1,802
	Value (at NBV)			
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)	As at the LPD (RM'000)
<u>Divestments</u>				
Machinery & equipment	8	8	38 ⁽ⁱⁱ⁾	-
Office equipment, furniture and fittings	*	-	-	-
Computer equipment	-	-	-	-
Motor vehicles	109 [^]	-	-	-
Total	117	8	38	-

Notes: -

* Negligible.

[^] The motor vehicles were purchased prior to year 2013.

(i) The increase of investments in capital work-in-progress in FYE 2020 was in relation to the renovation of VTT's factory for the installation of laser cutting machines.

(ii) The increase of divestments in machinery and equipment in FYE 2020 was due to the disposal of old machineries (i.e., bending rotary machine, taping machine and offset printing machine) and upgrade to new machineries.

The above material capital expenditures are for our operations and primarily financed by internally-generated funds.

Our capital expenditures during the past three (3) FYE 2018 to FYE 2020 and as at the LPD were incurred on building improvement, machinery and equipment, electrical installation, office equipment, furniture and fittings, computer equipment and renovations.

6. GENERAL INFORMATION ON OUR GROUP (cont'd)

6.6 MATERIAL CONTRACTS

Save for the material contracts disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiaries for the past three (3) FYE 2018 to FYE 2020 and up to the date of this Prospectus: -

- (i) Share sale agreement dated 2 March 2018 as supplemented by a supplemental agreement dated 23 March 2018 entered into between Volcano and the Vendors for purposes of the VNP Acquisition whereby the entire issued share capital of VNP comprising 2,000,000 Shares were acquired free from encumbrances by Volcano from the Vendors for a total consideration of RM69,999,900 which was satisfied entirely via issuance of 699,999,000 new Shares to the Vendors in accordance with the terms therein;
- (ii) Letter of Award issued by VNP to Pekat Solar Sdn Bhd (201001038864(922788-W) dated 3 January 2019 awarding Pekat Solar Sdn Bhd contract works to design, supply, install, testing and commissioning 185.44KWP Grid Connected Photovoltaic (GCPV) System (for own power usage/net energy metering) with payment amounting to Ringgit Malaysia Five Hundred Thousand Six Hundred and Eighty Eight Only (RM500,688.00); and
- (iii) Underwriting Agreement dated 2 February 2021 entered into between Volcano and the Underwriter to underwrite the 8,250,000 Public Issue Shares made available for application by the Malaysian Public at the underwriting commission rate of 2.00% of the total value of the underwritten Shares at the IPO Price.

6.7 PUBLIC TAKE-OVERS

Since our incorporation up to the LPD, there were: -

- (i) no public take-over offers by third parties in respect of our Shares; and
- (ii) no public take-over offers by our Company in respect of other companies' shares.

6.8 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFITS

Other than our Malaysian operations, our Group only has one (1) foreign subsidiary, namely VTT which operates in Thailand. The repatriation of capital and remittance of profits by VTT to our Group under the relevant Thai laws and regulations are as follows: -

- (i) Repatriation of Capital from Thailand

There is no limitation on the outward remittance of foreign currencies by VTT as repatriation of capital to its foreign shareholder i.e., VNP, provided that the capital must be returned pursuant to a capital reduction or dissolution of VTT in accordance with the Thai Civil and Commercial Code and the VTT's articles of association. Supporting documents such as capital reduction resolution, dissolution confirmation, and/or evidence of initial capital remittance into Thailand are generally required to be submitted to the authorised Thai bank upon request for outward remittance.

6. GENERAL INFORMATION ON OUR GROUP (cont'd)

(ii) Remittance of Profits from Thailand

Subject to the mandatory legal reserve stated herein there is no limitation on outward remittance of foreign currencies for payment of dividend by a Thai registered company to a foreign shareholder.

Dividends may only be paid out of the Thai registered company's after-tax profits (i.e., after deduction of all income tax and (if applicable) withholding tax). Thai law requires a company to retain, as mandatory legal reserve, at least one twentieth (i.e., 5%) of its after-tax profits at each dividend distribution. Such retention must be made until the legal reserve reaches at least one tenth (i.e., 10%) of the company's registered capital.

Given that VTT has never distributed dividends since its establishment, VTT may only distribute up to 95% of its after-tax profits (retained earnings) until such time where its retained legal reserve amounts to THB8 million (or equivalent to approximately RM1.08 million) (10% of its registered capital of THB80 million (or equivalent to approximately RM10.77 million)). After having retained THB8 million (or equivalent to approximately RM1.08 million) as legal reserve, VTT is entitled to distribute all after-tax profits as dividends.

As at the LPD, VTT has not built up any legal reserve as it has not distributed dividends.

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7. BUSINESS OVERVIEW

7.1 OUR HISTORY

The history of our Group can be traced back to 1999 when our Co-Founders incorporated VNP on 2 February 1999 as a sub-contractor specialising in the manufacturing of nameplates for local SMEs. VNP started its operations in a rented shophouse with a built-up area of approximately 2,000 sq. ft. situated at Sungai Lokan, Butterworth, Penang.

Being a small manufacturer then, we continuously worked towards expanding our business by implementing new manufacturing processes as well as improving our manufacturing capability, efficiency and product quality. In 2001, we established a R&D team to carry out continuous development of manufacturing processes for our nameplate manufacturing business.

In 2000, after the establishment of VNP, we experienced growing demand for our products and services which subsequently led to an expansion of our manufacturing facilities through the extension of our manufacturing floor space as well as investment in more machinery and equipment. In the early years upon our establishment, we rented another shop house in 2001 with a built-up area of approximately 2,000 sq. ft. which we subsequently purchased in 2002.

In 2002, we managed to secure our first order from Hewlett-Packard Asia Pacific Pte Ltd, a MNC based in the United States involved in computers, printers and other computer peripherals, for the manufacturing of "HP" logo nameplates used in their products. Also in 2002, through our R&D efforts, we upgraded our conventional metal stamping process using belt/mechanical stamping method to a hydraulic stamping system.

In 2003, we rented another two (2) shophouses to facilitate our growth. All four (4) shophouses were located in close vicinity to each other in Sungai Lokan.

In 2004, we moved our entire operations to our current factory in Perai, Penang in view of the increasing demand for our products and services. The new factory which we acquired on 8 September 2003 had a built-up area of approximately 19,262 sq. ft. In line with the expansion of our operations, we acquired stamping machines that are fitted with detachable automatic feeders to facilitate the feeding of raw materials into the stamping machines which are used for the manufacturing of nameplates with simple designs.

In 2007, we expanded our factory in Perai, Penang by constructing a three (3)-storey section at the back portion of the factory, bringing the total built-up area of our factory to the current 45,045 sq. ft. Subsequently on 5 November 2008, we acquired another single storey factory building adjoining to the existing factory with built up area of 20,760 sq. ft.

We expanded our operations into Thailand when we incorporated VTT on 16 September 2008 to carry out the manufacturing of nameplates and plastic injection moulded parts. During incorporation, the shareholders of VTT were VNP with 90% equity interest, Datuk Ch'ng Huat Seng with 4.5% equity interest, Tan Aik Kean with 4.5% equity interest and Dato' Wong Tze Peng with 1% equity interest. Tan Aik Kean was the Business Development Manager of VTT. In line with this expansion, VTT rented a factory with a built-up area of 28,255 sq. ft. in Rayong, Thailand. In the same year, VTT successfully secured an order from Fisher & Paykel Thailand, a New Zealand-based household appliances manufacturer, for plastic injection moulded parts.

In November 2008, VTT was granted a promotion certificate by the BOI. The BOI grants investment promotion privileges for investors in selected industries, thereby entitling the promoted entity to tax and non-tax privileges for their Thai operations. The tax privileges include corporate income tax exemptions and deductions for a limited period, import duty exemptions on raw materials used for export and import duty exemption on machineries.

7. BUSINESS OVERVIEW (cont'd)

Under VTT's BOI promotion certificate, VTT was conferred with a corporate tax exemption for a period of eight (8) years from 24 December 2008 to 23 December 2016 on its net profits, restricted to 100% investment capital of VTT (excluding cost of land and working capital) at THB49,293,353.40 (or equivalent to RM6.64 million) as determined in the BOI's operation start-up certificate. VTT was also granted non-tax privileges which include permission to bring in foreign skilled workers, permission to operate the promoted business activity as a foreign majority or wholly-held entity, permission to own land for the approved business activity and there is no restriction period so long as the promotion certificate subsists.

Upon expiry of the tax exemption period of eight (8) years, the promotion certificate entitles VTT to a reduction of 50% of normal income tax rate for a further period of five (5) years commencing from the expiry of the eight (8)-year tax exemption period (i.e., from 24 December 2016 to 23 December 2021) of which there is no capped amount. After the expiry of tax privileges, BOI promotion certificate remains valid and does not have an expiry date. Non-tax privileges granted by the BOI remains valid until such time when the promoted entity (i.e., VTT) cancels the BOI promotion certificate. Please refer to the details as set out in Section 7.7(b), item (1) in the table.

Apart from manufacturing for Fisher & Paykel Thailand, VTT also managed to secure orders to manufacture nameplates and plastic injection moulded parts from other MNC customers in Thailand, such as Electrolux Thailand, a Swedish home appliance company, in 2009. In the same year, VNP sold 5% of its equity interest in VTT to Jeffery Tan Loon Seng, who was the General Manager of VTT.

In 2010, VTT successfully secured its first order from Bernina (Thailand) Co., Ltd, a Swiss-based manufacturer of sewing and embroidery machines, for our plastic injection moulded parts. Also in 2010, VTT acquired a four (4) acre land in Rayong, Thailand for the construction of a new manufacturing plant with a built-up area of 85,415 sq. ft. to cater for the growing demand in Thailand and we subsequently ceased renting the factory with a built-up area of 28,255 sq. ft.

In 2011, VTT moved its operations in Thailand to a new manufacturing plant from its previously rented property to its current address. In the same year, VNP managed to secure its first order from DT metronic GmbH, a German-based decorative element for interior and exterior provider for automotive industry, for the manufacturing of "*Harman Kardon*" logo nameplates. In the same year, Datuk Ch'ng Huat Seng and Dato' Wong Tze Peng sold their equity interest in VTT of 4.5% and 1% respectively to Tan Aik Kean and Jeffery Tan Loon Seng in effort to retain them as the key management of VTT. The shareholdings of Tan Aik Kean and Jeffery Tan Loon Seng in VTT stood at 5% and 10% respectively.

In 2012, VTT managed to secure the first order for our plastic injection moulded parts from Donaldson Thailand, a MNC based in the United States involved in filtration systems.

In 2013, we acquired our first laser cutting machine and introduced a new nameplate manufacturing method which enabled us to achieve higher efficiency and precision in our nameplate manufacturing process. In the same year, VNP acquired the remaining equity interest of VTT of 15% from Tan Aik Kean (5%) and Jeffery Tan Loon Seng (10%) for a total cash consideration of RM802,446 based on the estimated net tangible assets of VTT as at October 2013 of THB55.00 million. Subsequently, VTT became a wholly-owned subsidiary of VNP of which two (2) VTT shares are held by Gan Yew Thiam and Yeap Guan Seng in trust for VNP.

In 2015, we managed to secure the first order for our decorative nameplates, a type of non-metal nameplates, from a USA-based provider of integrated manufacturing solutions, components, products and repair and logistics and after-market services in the communications network and computer hardware industries. It is headquartered in Delaware, United States and listed on the New York Stock Exchange. Its revenue for the year ended 30 September 2018 amounted to approximately USD7.11 million (or equivalent to RM28.76 million).

7. BUSINESS OVERVIEW (cont'd)

In the following year in 2016, VTT secured the first order from Beko Thai Co., Ltd, a Turkish-based home appliance and consumer electronics company, for the manufacturing of “Beko” logo nameplates. In the same year, we also secured our first order from Honda Malaysia Sdn Bhd, a Japanese-based MNC involved in automobiles, motorcycles and power products, for vehicle model nameplates.

In 2017, we managed to secure our first order from Rittal North America LLC, a MNC based in the United States involved in designing and manufacturing industrial and internet technology (IT) enclosures, racks and accessories which include power management and climate control systems for the manufacturing of decorative nameplates. In November 2017, Khoo Boo Wui joined our Group as the Chief Financial Officer replacing Ang Pei Gai, who left VNP as the Financial Controller in June 2017. In December 2017, Khoo Boo Wui was invited by the Co-Founders to become a shareholder of the Group holding 17.5% equity interest in our Group. The 17.5% equity interest held by Khoo Boo Wui was from the existing shares held by the Co-Founders. The consideration was paid in cash and was based on VNP’s estimated consolidated net tangible assets as at 31 December 2017.

In 2018, we managed to secure our first order from Sharp Indonesia, a MNC based in Japan involved in manufacturing and sales of telecommunications equipment, electric and electronic application equipment and electronic components, for the manufacturing of “Sharp” nameplates. In the same year, VTT also secured the first order from Panasonic Thailand, a MNC based in Japan involved in manufacturing and sales of electrical appliances, eco solutions, connected solutions as well as automotive and industrial systems for the manufacturing of “Panasonic” nameplates.

In 2019, we managed to secure our first order from Mazda Malaysia Sdn Bhd, a MNC based in Japan involved in the assembly of Mazda vehicles in Malaysia, for the manufacturing of vehicle model nameplates. In the same year, we also secured our first order from EPIC Technologies, LLC, a USA-based electronic manufacturing services company for the manufacturing of overlays for audio instruments. In addition, in the same year, VTT also secured the first order from SNC Atlantic Water Heater Asia, a MNC based in France involved in the manufacturing of water heaters for the manufacturing of plastic injection moulded parts.

Over the last twenty-two (22) years, we have grown and evolved from a small nameplates’ manufacturer into a group of companies with operations in Malaysia and Thailand with a total of 334 employees for the FYE 2020 specialising in manufacturing of nameplates and plastic injection moulded parts.

Under the leadership of our Co-Founders, our Group has been awarded accreditations such as ISO quality certifications in recognition of our consistency in producing and delivering quality products to our customers. *(Please refer to Section 7.5 of this Prospectus for further details.)*

7.2 DESCRIPTION OF OUR BUSINESS

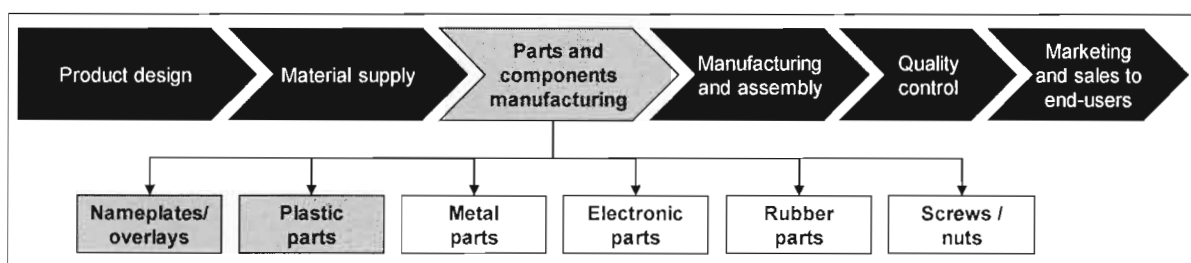
Our Group is principally involved in the manufacturing of parts and components used in the E&E and automotive industries, namely: -

- (i) Manufacturing of nameplates; and
- (ii) Manufacturing of plastic injection moulded parts.


Parts and components manufacturing is a key component of the manufacturing industry value chain. Other components of the manufacturing industry value chain include product design, sourcing for material supply, manufacturing and assembly, quality control, and marketing and sales to end-users. *(Source: IMR Report)*

7. BUSINESS OVERVIEW (cont'd)

Our Group is involved in the manufacturing of parts and components within the manufacturing value chain as shown below: -



Note: -

 Industry segment in which our Group is principally involved.

Source: IMR Report

We are able to manufacture both nameplates and plastic injection moulded parts for our customers, if required. We are also able to assemble our nameplates onto our plastic injection moulded parts as a final product to our customers.

(a) Manufacturing of nameplates

Nameplates are used to identify, provide information and instructions as well as to supplement the aesthetic appeal to a product. Nameplates can display the name of a person or company, or a company's brand or logo. Some nameplates also display licence, certification, directional or product specification information. (Source: IMR Report)

Presently, our nameplates can be broadly classified into metal nameplates and non-metal nameplates.

Metal nameplates are generally nameplates made from aluminium, electro-galvanised metal, tin plate, copper, brass, zinc and stainless steel. The majority of our nameplates are made from stainless steel and aluminium as they are the most commonly used raw material for the manufacturing of metal nameplates in the industry. Our metal nameplates include logos, badges, emblems and decorative plates.

Non-metal nameplates are generally nameplates made from sheets of plastics namely plastic films such as polycarbonate, PET and PVC. Our non-metal nameplates include logos, front panels, control panel labels, overlays, decorative nameplates, insulators and spacer.

The nameplate manufacturing methods that we use are stamping and laser cutting. In our stamping method, we are able to offer a wide range of processes such as blanking, forming, forging, embossing and debossing to form various shapes and designs as required. Please refer to Section 7.4.5 of this Prospectus for further details of the nameplate manufacturing techniques used by our Group. For nameplates manufactured using the stamping technique, we develop the moulds for our customers and our customers retain ownership of the moulds. There are no moulds required in the laser cutting technique, which uses software to guide the cutting process. The nameplates that we manufacture mainly are used in E&E products such as computers and printers as well as home appliances such as refrigerators and washing machines.

Our nameplates are generally for commercial applications mainly for brand recognition which contain name of person, company or logo for brand recognition, and for product identification and instructional purposes. Please refer to Section 7.2.1 of this Prospectus for visual examples of our range of nameplates.

7. BUSINESS OVERVIEW (cont'd)

Our nameplates can also be produced in the form of overlays, which are mounted on the control panel of a product. Overlays are printed with functional information such as words and graphics and it also provides aesthetic appeal to a product. For example, an overlay is mounted on the control panel of a washing machine. The words and graphics on the overlay provide information on the function of the switches on the control panel of the washing machine.

We manufacture nameplates based on the logo, the nameplate design and the material specifications provided by our customers. With the nameplate design and the material specifications provided by our customers, we will provide advice and solutions, in terms of the surface finishing methods, as well as the manufacturing techniques, to our customers to assemble the nameplates on their end-products.

We carry out the manufacturing of nameplates at our head office and factory in Perai, Penang, as well as at our factory in Rayong, Thailand.

(b) Manufacturing of plastic injection moulded parts

Plastic injection moulded parts are parts and/or components that are made of plastics using the plastic injection moulding process. The plastic injection moulding process involves molten plastic being injected into a custom metal mould where it cools, hardens and takes the form of the custom mould. The custom mould is developed based on the design and specifications of the required plastic parts or components provided by our customers.

We manufacture plastic injection moulded parts mainly for refrigerators, washing machines, sewing machines, power tools and automotive vehicles.

We manufacture plastic injection moulded parts based on the designs of the moulds provided by our customers. The moulds used in our plastic injection moulding process are generally supplied by our customers. However, we are also able to provide the mould design and mould development based on the drawings of their plastic injection moulded parts, where we will outsource the production of the moulds. Our customers retain ownership of the moulds.

We carry out plastic injection moulding at our factory in Rayong, Thailand.

7.2.1 Our products

Our Group's products comprise a range of nameplates and plastic injection moulded parts, as follows: -

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7. BUSINESS OVERVIEW (cont'd)

Product type	Examples
<p>Metal Nameplates</p>	<p><u>Logo nameplates</u></p> 
	<p><u>Identification or informative nameplates</u></p> 
	<p><u>Other die-cut parts (adhesive tapes, brackets, foils, labels) and stamping parts</u></p> 

7. BUSINESS OVERVIEW (cont'd)

Product type	Examples
<p>Non-metal nameplates</p>	<p><u>Logo nameplates</u></p> 
	<p><u>Other die-cut parts (adhesive tapes, brackets, foils, labels) and stamping parts</u></p> 
	<p><u>Control panels/membrane switches</u></p> 

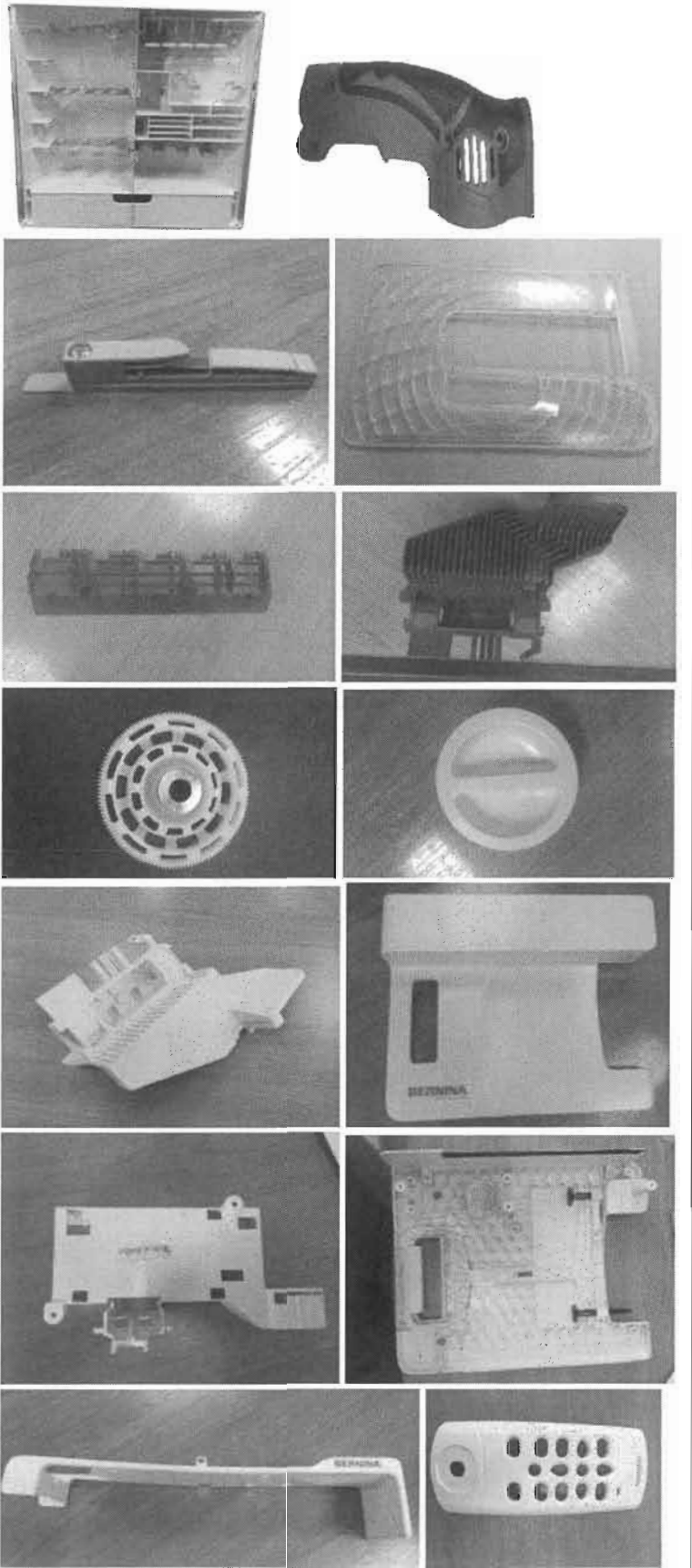
7. BUSINESS OVERVIEW (cont'd)

Product type	Examples
	<p data-bbox="639 286 863 320"><u>Spacers/insulators</u></p>  <p data-bbox="639 645 1107 678"><u>Overlays/panels/decorative nameplates</u></p> 
<p data-bbox="312 1375 612 1442">Plastic injection moulded parts</p>	<p data-bbox="639 1375 1394 1476"><u>For home appliances</u> (parts and components for washing machine and refrigerator such as brackets, caps, covers, inserts, hinges, pins, seals, air cleaner arms and control panels)</p> 

7. BUSINESS OVERVIEW (cont'd)

Product type	Examples
	 <p>The 'Examples' column contains 18 individual images arranged in a grid. The images show a variety of products: <ul style="list-style-type: none"> Two front-loading electronic devices, possibly power supplies or converters, with control knobs and digital displays. A small white plastic component with a cable. A square fan with a central hub and four blades. A printed circuit board (PCB) with various components. A metal handle or bracket. A circular white component with markings. A cylindrical metal component. A PCB with a row of components. A circular metal component with a brushed finish. A dark, ring-shaped component. A white, ring-shaped component. A white plastic handle with the text 'DETERGENT Multi-Phase Only'. A white plastic handle with the text 'FABRIC SOFTENER'. A circular metal component with a ring. A dark, rectangular component with three circular features. </p>

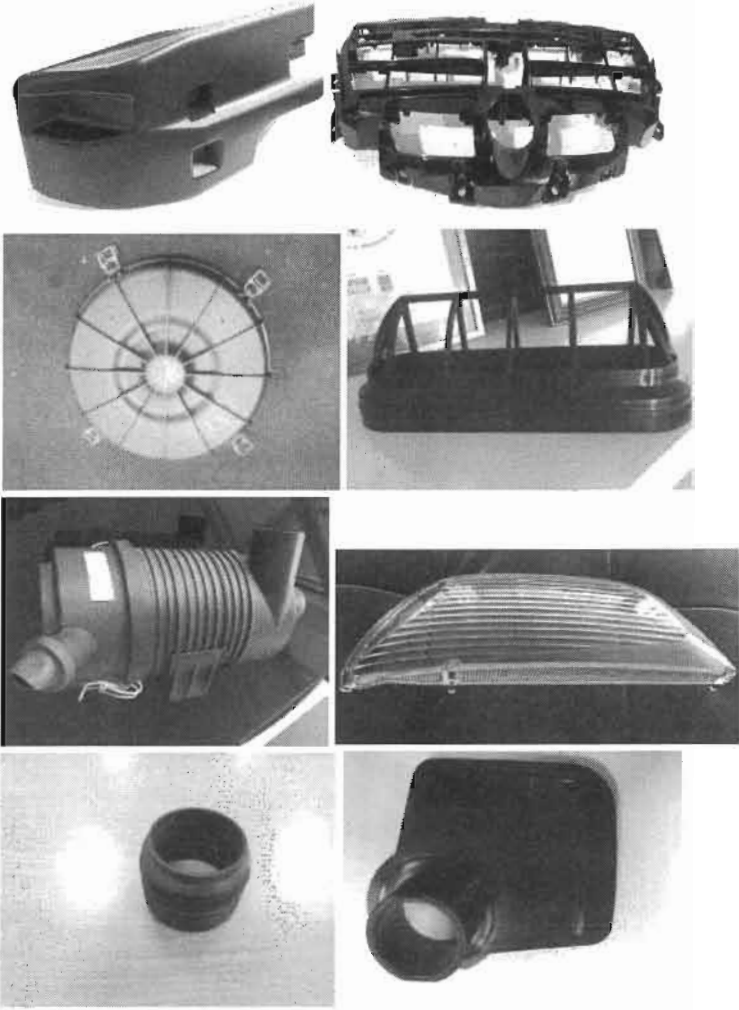
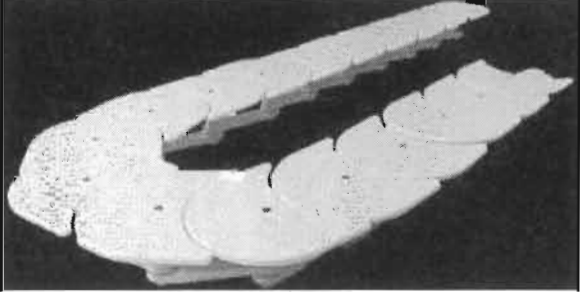

7. BUSINESS OVERVIEW (cont'd)

Product type	Examples
	<p data-bbox="639 286 1402 349">Parts and components for sewing machines, power tools and water heater</p> 

7. BUSINESS OVERVIEW (cont'd)

Product type	Examples
	

7. BUSINESS OVERVIEW (cont'd)

Product type	Examples
	<p data-bbox="643 293 1390 353"><u>For automotive</u> (parts and components for air filters, headlamp lens, side mirrors and engine parts)</p> 
	<p data-bbox="643 1406 963 1435"><u>Plastic top conveyor chains</u></p> 
	<p data-bbox="643 1771 895 1800"><u>Emergency switching</u></p> 

7. BUSINESS OVERVIEW (cont'd)

7.2.2 Our customers

Our customers mainly comprise MNCs in the E&E and automotive industries with operations in the Southeast Asia region. Our customers also comprise OEMs which are contract manufacturers appointed by the MNCs. We also manufacture and sell to other customers such as other nameplate manufacturers, label manufacturers and trading companies who supply nameplates to their customers.

The breakdown of the revenue contribution from our MNC, OEM and other customers in the E&E and automotive industries are as follows: -

	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
MNC customers						
E&E industry	47,660	81.26	45,024	80.55	42,573	81.05
Automotive industry	4,695	8.01	4,115	7.36	3,812	7.26
Others ⁽ⁱ⁾	861	1.47	1,082	1.94	676	1.28
Sub-total	53,216	90.74	50,221	89.85	47,061	89.59
OEM and other customers						
E&E industry	4,508	7.69	3,679	6.58	3,907	7.44
Automotive industry	255	0.43	557	1.00	645	1.23
Others ⁽ⁱ⁾	670	1.14	1,435	2.57	915	1.74
Sub-total	5,433	9.26	5,671	10.15	5,466	10.41
Total revenue	58,649	100.00	55,892	100.00	52,527	100.00

Note: -

(i) Others include consumer, food, furniture, aerospace and label industries.

We are also able to serve customers from other manufacturing industries that require nameplates for branding and/or product information and identification such as the furniture industry (for nameplates used for brand identification) and the aerospace industry (for nameplates used for product information and identification).

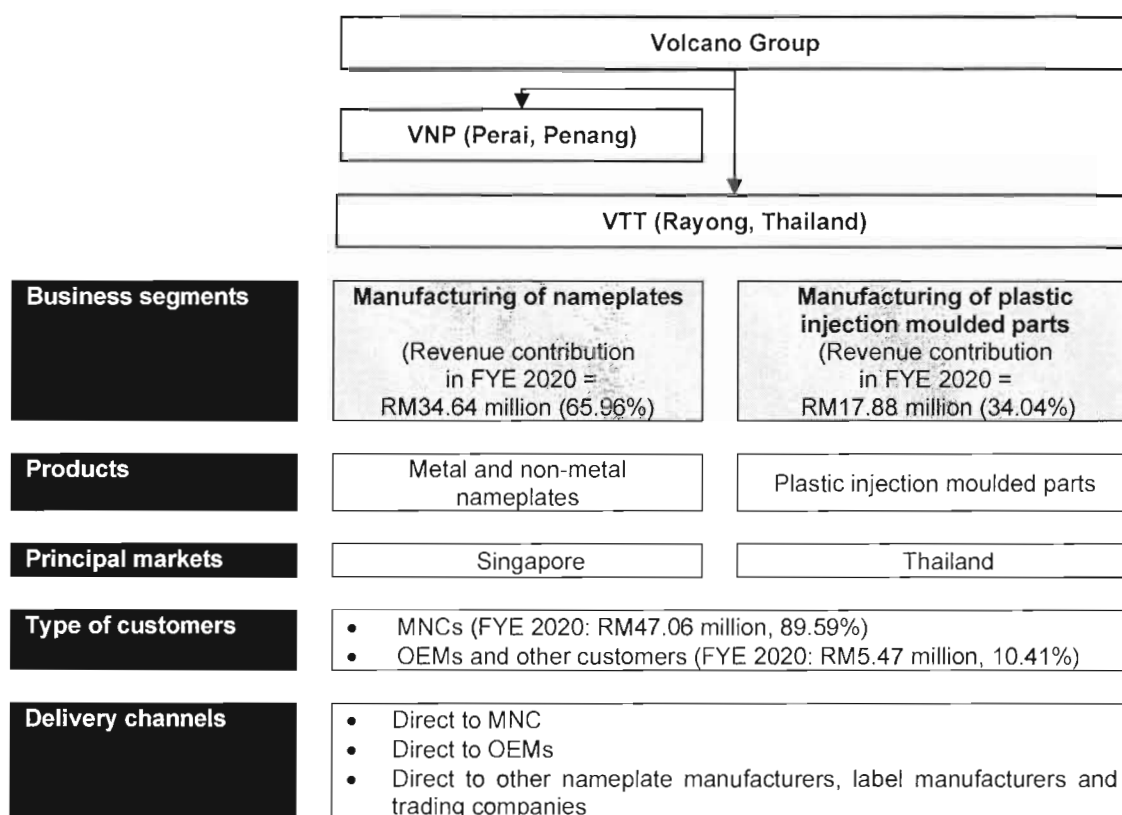
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7. BUSINESS OVERVIEW (cont'd)

7.2.3 Our business model

We are principally involved in the manufacturing of parts and components used in the E&E and automotive industries, namely: -

- (i) Manufacturing of nameplates; and
- (ii) Manufacturing of plastic injection moulded parts.



The nameplates and plastic injection moulded parts that we manufacture are parts and components that will ultimately form the final products of MNCs in the E&E and automotive industries. Our nameplates are used in products such as computers, printers, audio instruments, motor vehicles, communication devices, refrigerators, washing machines and so forth. Our plastic injection moulded parts comprise parts for refrigerators, washing machines, sewing machines, power tools, air filters and so forth.

We mostly manufacture and sell directly to our MNC customers whereby an average of 90.08% of our revenue was derived from our MNC customers for the past three (3) FYE 2018 to FYE 2020. We deal with MNC customers directly whereby our MNC customers place orders with us and we invoice our MNC customers. The delivery of the manufactured products can be made to our MNC customer's location or its OEM's locations.

Besides dealing with our MNC customers directly, we also manufacture and sell to the OEMs of the MNCs. Sales orders will come from the OEMs. Our product samples must be approved from the MNC customers prior to the OEMs placing orders with us. Our invoices are issued to the OEMs and the delivery of the manufactured products will be made to our OEMs' locations.

We also manufacture and sell to other customers such as other nameplate manufacturers, label manufacturers and trading companies who supply nameplates to

7. BUSINESS OVERVIEW (cont'd)

their customers. These other nameplate manufacturers engage our services for various reasons, amongst others, they have insufficient capacity and/or do not possess manufacturing capabilities to produce certain types of nameplates. We do not share the same clientele base with these nameplate manufacturers as we do not manufacture and sell nameplates directly to these nameplate manufacturers' customers. We do not compete with label manufacturers and trading companies as they do not manufacture nameplates.

The nameplates manufactured by us and sold to these customers such as other nameplate manufacturers, label manufacturers and trading companies are under third party brands. The nameplates carry the brands of the respective brand owners of the nameplates and plastic injection moulded parts, such as logo nameplates bearing brand logos, depending on the customers' requirements. We do not manufacture and sell nameplates and plastic injection moulded parts to these customers under our own brand.

Our Group does not provide warranty for the nameplates and plastic injection moulded parts that we manufacture.

7.3 PRINCIPAL SEGMENTS AND MARKETS FOR OUR BUSINESS

7.3.1 Principal markets

For the past three (3) FYE 2018 to FYE 2020, an average of 4.09% of our revenue was derived locally while an average of 95.91% of our revenue was derived from overseas sales.

The breakdown of revenue for our customers categorised by geographical location in the FYEs 2018, 2019 and 2020 is as follows: -

	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Local						
Malaysia	2,336	3.98	2,315	4.14	2,188	4.17
Overseas						
Singapore	28,077	47.87	23,520	42.08	23,102	43.98
Thailand	24,207	41.28	23,806	42.59	23,171	44.11
USA	1,637	2.79	3,395	6.08	722	1.37
China	1,049	1.79	911	1.63	1,051	2.00
Germany	358	0.61	307	0.55	499	0.95
Indonesia	508	0.87	984	1.76	1,324	2.52
Others*	477	0.81	654	1.17	470	0.90
Total revenue	58,649	100.00	55,892	100.00	52,527	100.00

Note: -

* Others mainly includes countries such as, Denmark, Italy, Hong Kong, Japan, Netherlands, New Zealand, the Philippines, Puerto Rico, Switzerland, Taiwan, Cambodia and the United Kingdom.

Our Group derives a major portion of its revenue from overseas. Singapore is the principal market for our nameplates product and have been our major export market contributing an average of 44.71% in terms of revenue for the Financial Years Under Review. Our second largest revenue contributor is from Thailand and is the principal market for our plastic injection moulded parts. The average contribution from Thailand is approximately 42.61% in terms of revenue for the Financial Years Under Review. These two (2) overseas markets contributed a total of 89.15%, 84.67% and 88.09% to our Group's revenue for each of the Financial Years Under Review. Please refer to Section 11.2.2(i) of this Prospectus for further details.

7. BUSINESS OVERVIEW (cont'd)

7.3.2 Principal segments

The breakdown of revenue for our customers categorised by category of activity in the FYEs 2018, 2019 and 2020 is as follows: -

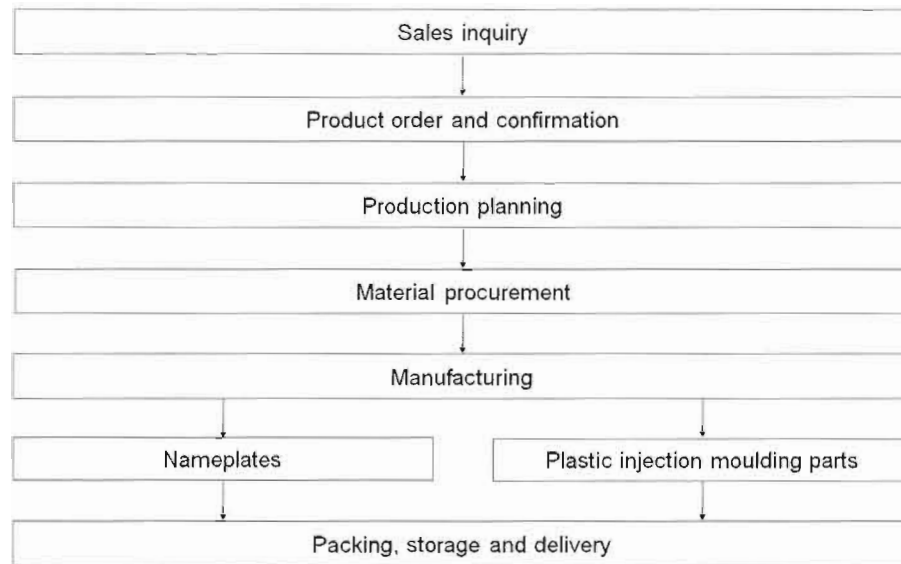
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Nameplates	36,879	62.88	35,666	63.81	34,644	65.96
Plastic injection moulded parts	21,770	37.12	20,226	36.19	17,883	34.04
Total revenue	58,649	100.00	55,892	100.00	52,527	100.00

Our Group derives a major portion of its revenue from the manufacturing of nameplates. The nameplates segment contributed an average of 64.16% of our Group's revenue for the Financial Years Under Review whilst the plastic injection moulded parts contributed an average of 35.84% of our Group's revenue for the Financial Years Under Review.

Please refer to Section 11.2.2(i) of this Prospectus for further details.

7.4 BUSINESS PROCESSES

The process flow for our Group's manufacturing of nameplates and plastic injection moulded parts is depicted below: -



7.4.1 Sales inquiry

There are two (2) approaches of acquiring sales and purchase orders from our customers; i.e., receiving incoming sales inquiries from our customers, as well as approaching potential customers to propose our manufacturing methods. After gathering and understanding the needs and requirements of our customers, our sales team will communicate the information to our production team to proceed with the production planning of sample products to be sent to our customer for approval.

7. BUSINESS OVERVIEW (cont'd)

7.4.2 Product order and confirmation

Upon approval of sample product by our customers, our sales and marketing team will prepare a quotation taking into account our customers' stipulated product requirements, our cost of raw materials and delivery timeline. Our customers will provide us purchase orders which specify the types and quantities of products required, as confirmation of their orders.

7.4.3 Production planning

A production plan is formalised prior to production run. As part of production planning, a work order is issued according to the details in the purchase order. The work order sets out the materials required for production, timeline for production and resources required.

7.4.4 Material procurement

Our purchasing team will check for the availability of raw materials required for production in our inventory prior to sourcing from our suppliers. If the raw materials are available, the required raw materials will be sent to the production line in accordance to the production schedule. If the raw materials required are not available, our purchasing team will source the raw materials from our suppliers.

Our incoming material quality control team conducts quality checks on the raw materials received from our suppliers before they are stored in our inventory or before they are sent to the production line. Raw materials with incorrect specifications or with defects will be returned to our suppliers.

7.4.5 Manufacturing

Please refer to Section 7.4.7.1 of this Prospectus for manufacturing of nameplates and Section 7.4.7.2 of this Prospectus for manufacturing of plastic injection moulded parts.

7.4.6 Packing and delivery

Upon completion of manufacturing, the completed products will go through a final outgoing inspection before they are packed. The outgoing inspection is to ensure that there is no appearance of physical defects such as scratches and deformities. The plastic injection moulded parts will then be packed based on the order specifications of our customers and are stored in our warehouse prior to delivery.

7.4.7 Manufacturing

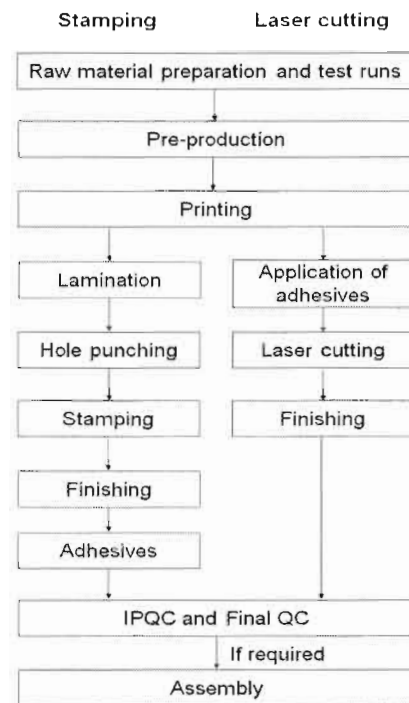
7.4.7.1 Manufacturing of nameplates

We manufacture both metal and non-metal nameplates.

7.4.7.1.(A) Metal nameplates

We use two (2) manufacturing processes to manufacture metal nameplates, namely the stamping method and the laser cutting method.

7. BUSINESS OVERVIEW (cont'd)



7.4.7.1.(A).(I) Stamping: -

(a) Raw material preparation and test runs

We will acquire all the necessary raw materials from the warehouse. The raw material used in the stamping of nameplates is mainly stainless steel and aluminium sheet. An inspection will be carried on the physical appearance and dimensions of the sheet metal.

Metal materials usually come in sheets with varying thickness. The sheet metal will be measured and cut according to the manufacturing needs for pre-preparation before mass manufacturing.

Prior to the production run, the production department will calibrate and set up all machines used in the manufacturing process according to the work order received. Maintenance and checks to the machines are usually done prior to actual production. All parts of the machine are checked and cleaned. Moulds, tools or dies are mounted or design calibrated for printing.

We can also provide the design and development of 2D/3D mould drawing by reviewing customer's design drawing. With our experience in the manufacturing process and consideration of various factors such as tooling or mould specifications, gating, cooling system, mould type, mould material and machinery used, we will assist our customers to design tooling or moulds that are durable, able to produce quality products as well as enhance production efficiency. We outsource the manufacturing of tooling and moulds.

For the stamping processes, the moulds, tools or dies will be examined for defects or deformity before mounting on the stamping machine. We will also clean the moulds or dies and coat it with a layer of anti-rust solution before mounting and calibration on the stamping machine.

To prepare for the printing processes, we will input the correct printing configurations to ensure the print materials (i.e., design, wordings and

7. BUSINESS OVERVIEW (cont'd)

colours) printed onto the work piece are according to the specifications and requirements of the customers. The work piece refers to the piece of metal or non-metal material that is in the process of being formed into a part or component, namely nameplates. The nozzles and surfaces of the printing machine used are also cleaned with solvents before each new calibration cycle. All moulds, tools, dies and designs are stored at our factory.

After completion of machine calibration and set-up procedures, a test run will be conducted before commencing production run. A piece of nameplate will be collected for quality control checks. The QC inspector is responsible for verifying the first piece of nameplate against the design drawing and blueprint via the QC inspection machines. This is to: -

- (i) Check if the settings and calibration of the machine is correct;
- (ii) Check the quality of material used is consistent with our customer's requirements;
- (iii) Check if there are any defects on the moulds, tools, dies, or designs;
- (iv) Further fine tune of the calibration of the machines for optimal output; and
- (v) Estimate the cycle time for the entire process for scheduling purposes.

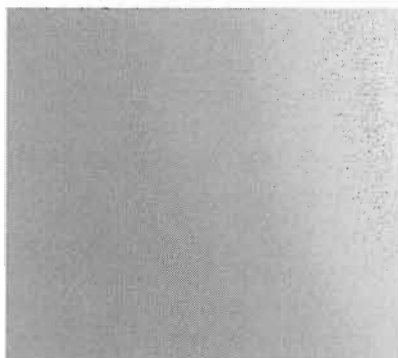
Once the first piece of nameplate passes the QC inspection process, we will begin the mass production of the nameplates.

(b) Pre-production

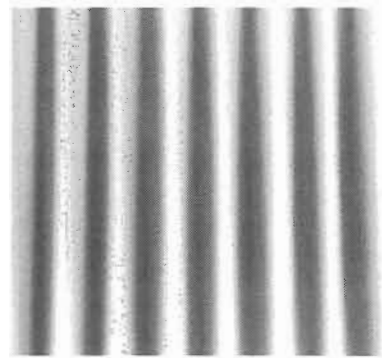
We conduct the following processes to produce engine stripe, hairline and spinning effects on the sheet metal surface: -

(i) Engine stripe

We produce engine stripe sheet metal where the surface of the sheet metal is abraded to create depth and movement. The process involves dragging a small circular head across the sheet of metal.



Raw Material (Aluminium Sheet)



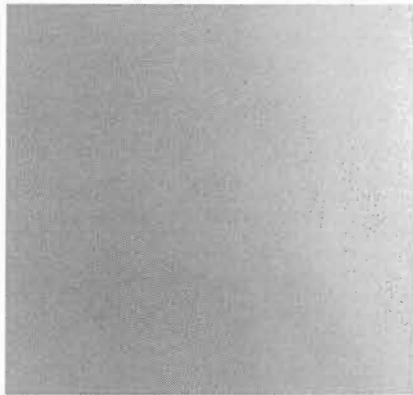
Engine Stripe Process

(ii) Hairline

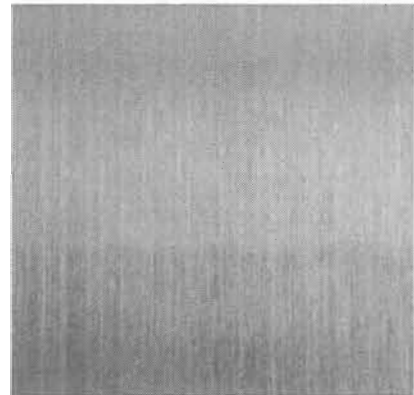
We produce hairline sheet metal where the surface of the sheet metal has hairline brush finishing on the surface. The sheet metal is abraded (or brushed) with a fine grit sandpaper. The brushing

7. BUSINESS OVERVIEW (cont'd)

gives the sheet metal a distinctive look as it retains some but not all of its metallic lustre and is given a pattern of very fine lines.



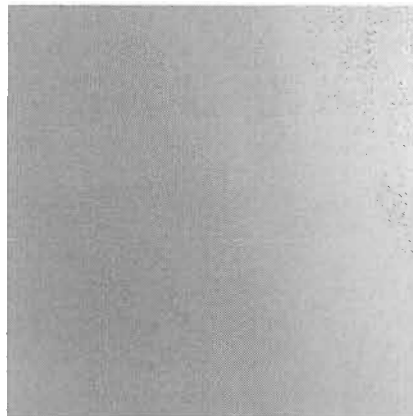
Raw Material (Aluminium Sheet)



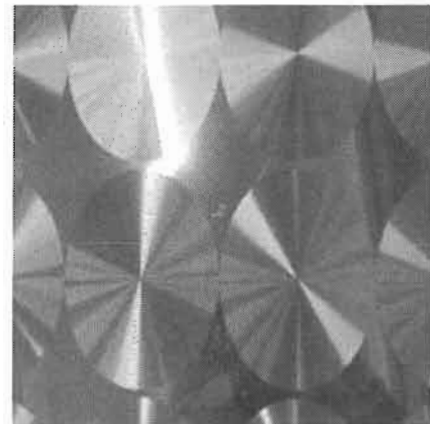
Hairline Process

(iii) Spinning

We produce spinning sheet metal where the surface of the sheet metal has circular brush finishing on it. The mechanical finish reflects light creating natural highlights and shadows in the sheet metal. Spinning is traditionally used in the background of round nameplates, gauges and dials.



Raw Material (Aluminium Sheet)



Spinning Process

(c) Printing

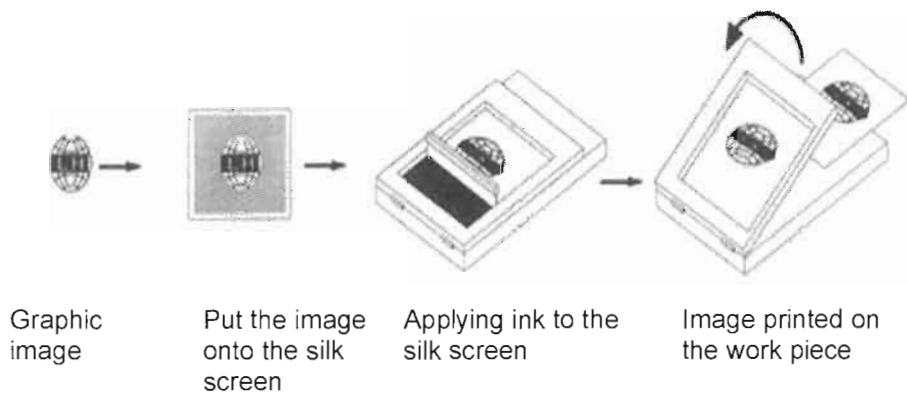
Colour inks are mixed in the ink mixer and are then inserted into the coating and printing machines. Prior to commencement of coating and printing, the sheet metal will undergo a cleaning process to remove dust from the sheet metal. Thereafter, the base colour coating is applied to the surface of the sheet metal followed by silk screen printing and/or offset printing processes as described below: -

(i) Silk screen printing

This is a technique that uses a silk mesh to support an ink-blocking stencil. The silk mesh is stretched across a frame, usually wooden and placed on the printing surface. The frame with the silk mesh will be filled with a layer of ink and scraped across with a rubber scraper to push the ink through the permeable parts of the mesh onto the printing surface forming a sharp-edged image. Printing

7. BUSINESS OVERVIEW (cont'd)

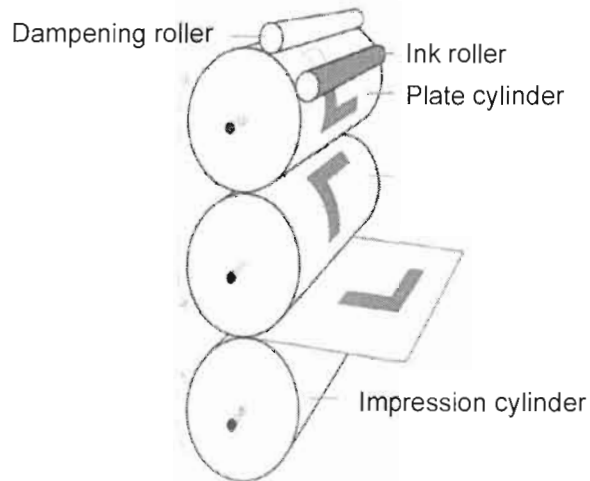
parameters such as colours, printing formats and graphic design will be input into the printing system. After a colour is printed or coated onto the work piece, it will undergo a drying process in the oven and a dust cleaning process by blow gun before another colour print is applied onto the work piece.



(ii) Offset printing

This printing technique involves inked images being transferred (or "offset") from a plate to a plate cylinder and then to a print surface. An aluminium printing plate will go through the platemaking process where the printing images will be formed. To form the printing area, an ink-accepting coating is applied on the aluminium printing plate, leaving the non-printing area not being able to be inked. The printing plate is then wrapped around the rotating cylinder, and picks up water onto the non-printing area. Ink will be repelled by the water-holding areas and the printing area will be inked. The inked area of the printing plate will then be pressed onto a rubber blanket wrapped onto another rotating cylinder. Subsequently, the inked image on the rubber blanket will then be transferred (or "offset") onto the printing surface. Offset printing is commonly used for production of large volumes of high quality prints. Furthermore, it can also provide higher print resolution as compared to other printing methods.

7. BUSINESS OVERVIEW (cont'd)



(iii) Tampo printing

Tampo printing is a printing technique involving the transfer of ink from a printing plate onto irregular or non-flat surfaces in various shapes using a flexible silicone pad. This printing process makes it possible to print on irregular or non-flat surfaces in various shapes.

(iv) UV printing

UV printing is a printing technique involving silk screen printing and using UV light rays during the drying process. This printing process allows for the printing to dry almost immediately as it uses UV light rays to dry the ink. This printing technique produce heat resistant printings.

(d) Lamination

A lamination tape will be applied onto the printed sheet metal to prevent the material from any surface defects after completion of printing. Before lamination, we will perform inspection on the top surface of the product to ensure that there are no physical defects.

(e) Hole punching

Punching is a process involving punching of holes on the printed sheet metal to be used as positioning guide when placing the printed base material in the stamping machine, for accuracy and consistency of position of the printed base material when going through the stamping process.

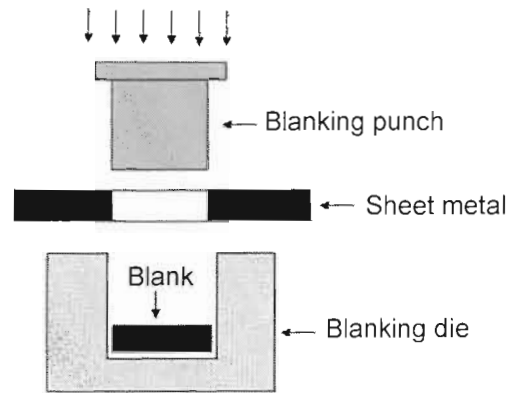
(f) Stamping

Depending on its production requirements, the printed sheet metal will be sent for stamping which will include blanking, forming, debossing, embossing and die cut processes as follows: -

(i) Blanking

Blanking process uses a pressing/punching technique to cut the actual size of a nameplate.

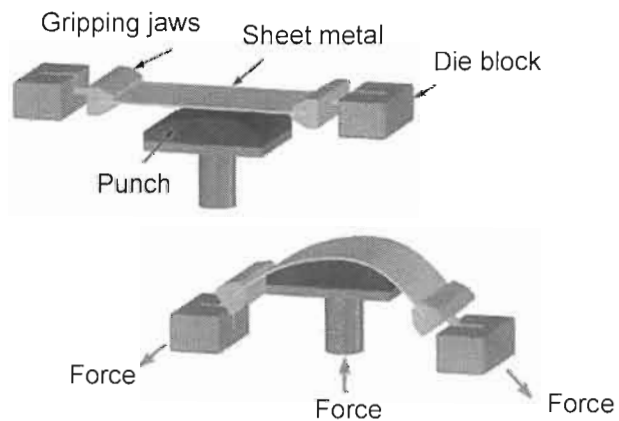
7. BUSINESS OVERVIEW (cont'd)



(ii) Forming

Forming process is to produce a profile surface on the nameplate. It uses press or punch force to modify the geometry of the sheet metal into the desired shape. The forming process includes bending, roll forming, spinning, deep drawing and stretch forming.

In the forming of sheet metal, such as metal nameplates, two (2) parts may be used; one called the punch which performs the stretching, bending and/or blanking operations, while the other part called the die block which securely clamps the work piece and provides similar stretching, bending and/or blanking operations. The work piece may pass through several stages using different tools or operations to obtain the desired final form.



(iii) Forging

Forging is a manufacturing process involving the shaping of the sheet metal using compressive force. The forging process is mainly used to shape a sheet metal with a thicker gauge (measurement of thickness of sheet metal).



7. BUSINESS OVERVIEW (cont'd)

(iv) Embossing and Debossing

Embossing is a technique whereby the image printed onto the sheet metal is slightly raised from the surface giving a 3D effect to the nameplates. Debossing is the inverse of embossing whereby the image is pressed so that the image is pushed inwards rather than raised.



Embossed



Debossed

(v) Die cut

Die cutting is a cutting process whereby the sheet metal can be cut into any shape, design or geometric patterns using a press. The dies used to die cut the sheet metal are metal blocks which are generally customized.

(g) Finishing

When required by our customers, our finishing processes comprise epoxy, diamond cut and hot stamping processes as follows: -

(i) Epoxy

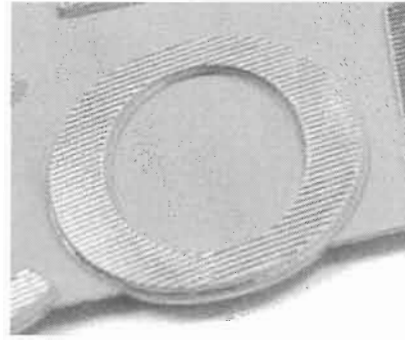
This is a process of forming a decorative and protective transparent surface on the sheet metal by using epoxy resin and hardener. Before applying the epoxy mixture, we will remove any bubbles inside the epoxy mixture.



7. BUSINESS OVERVIEW (cont'd)

(ii) Diamond cut

This is a process to produce an engraved surface on the sheet metal. We can engrave any marking on the sheet metal according to our customers' specification.



(iii) Hot stamping

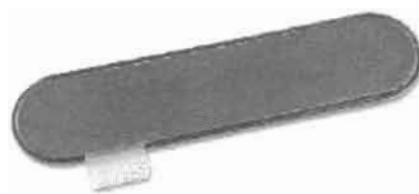
We can also provide hot stamping which is dry printing method. A heated die and foil are used to apply graphic onto the surface of the sheet metal.



While epoxy, diamond cut and hot stamping are performed in-house, we also provide surface treatment processes such as vacuum metalising, anodizing and physical vapour disposition which are outsourced to third party surface treatment companies.

(h) Adhesives

The adhesive process is a gluing process that adheres, sticks or bonds our nameplates to any application products. Appropriate adhesive is selected based on the application and environmental factors. These application and environmental factors affecting the durability of the adhesive is the contact surface of the nameplates to the products, as well as stickiness of the adhesive when it is exposed to chemicals, varying humidity, temperature and UV light rays.



7. BUSINESS OVERVIEW (cont'd)

(i) IPQC and Final QC

After each manufacturing process such as pre-production, printing, stamping and finishing, a QC inspector will conduct a quality inspection to ensure that the product is accurate and conforming to the specification and design approved by our customer. Our Group conducts piece-by-piece visual inspections on all nameplates manufactured prior to packing for delivery to our customers. To ensure accuracy in the products' measurement and quality, we also utilise inspection instruments to check each individual metal nameplates to ensure that their specifications are accurate.

(j) Assembly (if required)

The nameplates will be sent for assembly with the plastic injection moulded parts that we produce if required by our customers according to the product design and specification.

7.4.7.1.(A).(II) Laser cutting: -

(a) Raw material preparation and test runs

The description of raw material preparation and test runs is set out in Section 7.4.7.1.(A).(I).(a) of this Prospectus.

(b) Pre-production

The description of pre-production is set out in Section 7.4.7.1.(A).(I).(b) of this Prospectus.

(c) Printing

The description of printing is set out in Section 7.4.7.1.(A).(I).(c) of this Prospectus.

(d) Adhesives

The description of adhesives is set out in Section 7.4.7.1.(A).(I).(h) of this Prospectus.

(e) Laser cutting

Laser cutting is a process of cutting desired shapes with laser. Laser cutting process can produce high precision cuts on the sheet metal of different thickness. With the laser cutting process carried out with our laser cutting machines, we are able to save on several other processes such as lamination, hole punching and stamping as laser cutting substitutes all of these processes. This enables us to reduce our production time and increase our output, in addition to producing metal nameplates with higher precision shapes.

(f) Finishing

The description of finishing is set out in Section 7.4.7.1.(A).(I).(g) of this Prospectus.

7. BUSINESS OVERVIEW (cont'd)

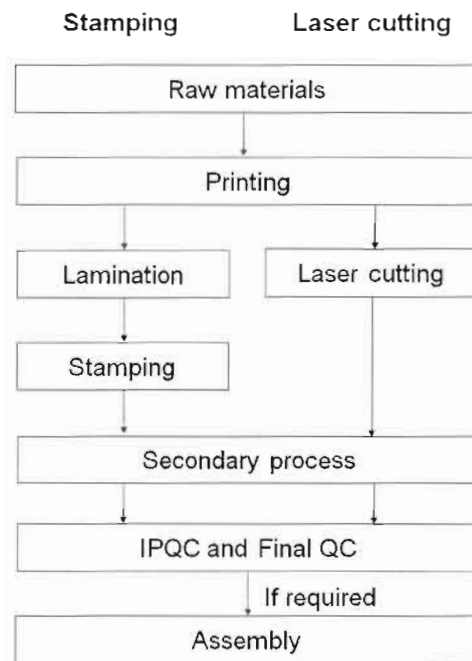
(g) IPQC and Final QC

The description of IPQC and final QC is set out in Section 7.4.7.1.(A).(I).(i) of this Prospectus.

(h) Assembly (if required)

The description of assembly is set out in Section 7.4.7.1.(A).(I).(j) of this Prospectus.

7.4.7.1.(B) Non-metal nameplates



7.4.7.1.(B).(I) Stamping: -

(a) Raw materials

Our non-metal nameplates are generally nameplates made from thermoplastic sheets such as polycarbonate, PET and PVC. Our non-metal nameplates include front panels, control panel labels, overlay, insulators, spacers and membrane switches. Prior to the commencement of the printing process, the raw materials such as thermoplastic sheets will be set up in the printing machines to undergo various printing processes such as tampo printing, silk screen printing and offset printing.

(b) Printing

The printing process is a process of reproducing text and image on the thermoplastic sheets. The printing technique used is tampo printing, silk screen printing and offset printing.

(i) Silk screen printing

The description of silk screen printing is set out in Section 7.4.7.1.(A).(I).(c)(i) of this Prospectus.

7. BUSINESS OVERVIEW (cont'd)

(ii) Offset printing

The description of offset printing is set out in Section 7.4.7.1.(A).(I).(c)(ii) of this Prospectus.

(iii) Tampo printing

The description of tampo printing is set out in Section 7.4.7.1.(A).(I).(c)(iii) of this Prospectus.

(iv) UV printing

The description of UV printing is set out in Section 7.4.7.1.(A).(I).(c)(iv) of this Prospectus.

(c) Lamination

A lamination tape will be applied onto the printed thermoplastic sheets to prevent the material from any surface defects after completion of printing. Before lamination, we will perform inspection on the top surface of the product to ensure that there are no physical defects.

(d) Stamping

The work piece with the graphic design and text printed on it will be stamped to the desired product and shape.

(e) Secondary process

Upon the requests of our customers, we conduct the following additional processes: -

(i) Embossing and debossing

The descriptions of the embossing and debossing processes are set out in Section 7.4.7.1.(A).(I).(f)(iv) of this Prospectus.

(ii) Epoxy

The description of the epoxy process is set out in Section 7.4.7.1.(A).(I).(g)(i) of this Prospectus.

(iii) Hot stamping

The description of the hot stamping process is set out in Section 7.4.7.1.(A).(I).(g)(iii) of this Prospectus.

(iv) Adhesive

The description of the adhesive process is set out in Section 7.4.7.1.(A).(I).(h) of this Prospectus.

7. BUSINESS OVERVIEW (cont'd)

(f) IPQC and Final QC

After each manufacturing process such as printing, stamping or additional processes, a QC inspector will conduct a quality inspection to ensure that the product is accurate, conforming to the specification and design approved by our customer. Our Group conducts piece-by-piece visual inspections on all nameplates manufactured. To ensure accuracy in the products' measurement and quality, we also utilise inspection instruments to check each individual non-metal nameplates to ensure that their specifications are accurate.

(g) Assembly (if required)

The nameplates will be sent for assembly with the plastic injection moulded parts that we produce if required by our customers according to the product design and specification.

7.4.7.1.(B).(II) Laser cutting: -

(a) Raw materials

The description of raw materials is set out in Section 7.4.7.1.(B).(I).(a) of this Prospectus.

(b) Printing

The description of printing is set out in Section 7.4.7.1.(B).(I).(b) of this Prospectus.

(c) Laser cutting

Laser cutting is a process of cutting desired shapes with laser. Laser cutting process can also produce high precision cuts on the thermoplastic sheets of different thickness. With the laser cutting process carried out with our laser cutting machines, we are able to save on processes such as lamination and stamping. This enables us to reduce our production time and increase our output, in addition to producing non-metal nameplates with higher precision shapes.

(d) Secondary process

The description of secondary process is set out in Section 7.4.7.1.(B).(I).(e) of this Prospectus.

(e) IPQC and Final QC

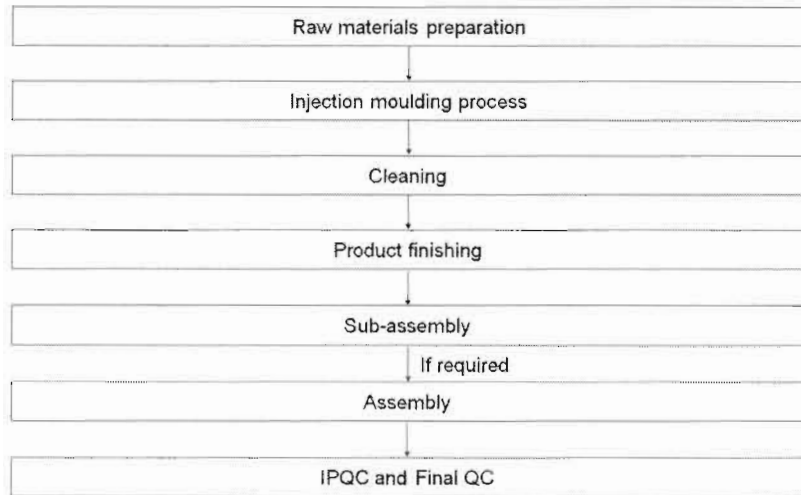
The description of IPQC and final QC is set out in Section 7.4.7.1.(B).(I).(f) of this Prospectus.

(f) Assembly (if required)

The description of assembly is set out in Section 7.4.7.1.(B).(I).(g) of this Prospectus.

7. BUSINESS OVERVIEW (cont'd)

7.4.7.2 Manufacturing of plastic injection moulded parts



(a) Raw materials preparation

The production planning department will issue a planning requirement schedule and a purchasing order to the procurement department to obtain the required raw materials for manufacturing if the raw materials are not available in our warehouse. The raw material used in plastic injection moulding is mainly plastic resins. The QC department is responsible for conducting quality inspection on the raw materials supplied before confirming the receipt of raw materials.

Before commencement of the injection moulding process, we will collect the moulds from our mould storage area. These moulds which we use in injection moulding are generally provided by our customers. The moulds will then be installed into the injection moulding machine.

(b) Injection moulding process

In the injection moulding process, plastic resins are inserted into the plastic resin container in the injection moulding machine. The machine will then inject the melted plastic resins into the mould. High pressure is applied onto the mould to form the plastic injection moulded parts. The plastic injection moulded part is then released from the metal mould onto a conveyor where it will undergo a cooling process. We also use the robotic arm to pick and place the plastic injection moulded parts from the injection moulding machines to the tray. The use of the robotic arm is to prevent any scratches or damage on the plastic injection moulded parts arising from human handling.

Before mass production, the QC inspector will inspect the first piece of the plastic injection moulded part to ensure that it conforms with the specifications and requirements of our customer. If there are inconsistencies and defects, the mass production will not begin and the mould and injection moulding machine will be checked and another sample plastic injection moulded part will be manufactured.

Once the sample plastic injection moulded part meets the specifications and requirements of our customer, mass production will commence.

7. BUSINESS OVERVIEW (cont'd)

(c) Cleaning

The cleaning process comprises the removal of foreign and unwanted particles from the plastic injection moulded parts manufactured which include: -

- (i) Blowing of dust particles from the plastic injection moulded parts;
- (ii) Removal of excess plastics that are still attached to the main plastic injection moulded parts; and
- (iii) Polishing of the plastic injection moulded parts to ensure that each plastic injection moulded part is smooth and even.

(d) Product finishing

Occasionally, customers may request product finishing services on the plastic injection moulded parts. The product finishing services which we offer are spray coating, tampo printing, silk screen printing, hot stamping and sub-assembly of plastic injection moulded parts as follows: -

(i) Spray Coating

The plastic injection moulded parts are sent for cleaning to remove any dirt or dust using a blow gun before undergoing the coating process. The plastic injection moulded parts are sprayed according to the colour specified by our customers, which will then be transferred to the baking oven for drying.

(ii) Tampo printing/silk screen printing/hot stamping

After the plastic injection moulded parts are spray coated and dried, the plastic injection moulded parts can be sent for other decorative or printing processes such as tampo printing, silk screen printing and/or hot stamping. The description of tampo printing, silk screen printing and hot stamping processes are set out in Sections 7.4.7.1.(A).(I).(c)(iii), 7.4.7.1.(A).(I).(c)(i) and 7.4.7.1.(A).(I).(g)(iii) of this Prospectus respectively.

After the graphic design or text is printed on the plastic injection moulded parts, it will be sent for drying before being transferred to the sub-assembly area for assembly if required. Otherwise it will be inspected by the QC personnel before packing and storage.

(e) Sub-assembly

The sub-assembly process is a process to assemble all the plastic injection moulded parts to form a complete plastic injection moulded part or component. This process involves heat stacking, heat bonding or screw mounting. When the sub-assembly process is completed, the completed plastic injection moulded parts or components will be sent for QC and packing.

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7. BUSINESS OVERVIEW (cont'd)

(f) Assembly (if required)

Upon completion of the plastic injection moulded parts, we will assemble two (2) or more plastic moulded parts together to form the final product before packing and delivery to our customers, if required. We will also assemble nameplates on the plastic injection moulded parts according to customers' requirements, if required. If no assembly is required, the plastic injection moulded parts will be sent for packing and delivery to our customers.

(g) IPQC and Final QC

After each manufacturing process such as plastic injection moulding and product finishing processes, a QC inspector will conduct a quality inspection to ensure that the product is accurate, conforming to the specifications and requirements. A final quality inspection will also be performed to ensure that the final plastic injection moulded parts or components conform to the design approved by our customer.

7.5 KEY ACHIEVEMENTS AND MILESTONES

Since the commencement of our business, we have achieved the following key achievements and milestones: -

Year	Key achievements and milestone
2003	<ul style="list-style-type: none"> VNP received the ISO 9001:2000 Quality Systems Certification from BM TRADA Certification Ltd^(a) which, on 5 May 2015 was subsequently renewed to the ISO 9001:2008 Quality Management System Certification^(b) for the "Manufacture of Metal and Plastic Name Plates".
2006	<ul style="list-style-type: none"> VNP received the ISO 14001:2004 Environmental System Certification from BM TRADA Certification Ltd^(a) which, on 13 November 2015 was subsequently renewed to the ISO 14001:2004 Environmental Management System Certificate^(c) for the "Manufacture of Metal and Plastic Name Plates".
2011	<ul style="list-style-type: none"> VTT received the ISO 14001:2015 Management System Certificate from Thai International Certified Assessment Co., Ltd^(d) for "Manufacture of Nameplates, Emblems, Logos Insulators and Overlay by Printing and Stamping Process and Precision Plastic Molding with Decorative Finishing" on 10 June 2011. This ISO 14001:2015 Management System Certificate expired on 10 June 2020.
2013	<ul style="list-style-type: none"> VNP acquired the remaining 15% equity interest in VTT not held by it. Upon completion of the acquisition, VTT became a wholly-owned subsidiary of VNP.
2015	<ul style="list-style-type: none"> Awarded the Golden Eagle Award 2015 (Malaysia 100 Excellent Enterprises); and VTT received the ISO 9001:2008 Quality Management System Certification from The British Standards Institution^(e) for the "Manufacturing of Nameplates, Emblems, Logos, Insulator & Overlay and Precision Plastic Molding with Decorative Finishing" on 15 June 2015. This ISO 9001:2008 Quality Management System Certification expired on 14 June 2018.

7. BUSINESS OVERVIEW (cont'd)

Year	Key achievements and milestone
2016	<ul style="list-style-type: none"> Awarded the STAR Outstanding Business Awards 2016, Asia Pacific Entrepreneurship Award 2016; and Awarded the Golden Eagle Award 2016 (Malaysia 100 Excellent Enterprises)
2017	<ul style="list-style-type: none"> VTT received the ISO/TS 16949:2009 Quality Management System Certification from the British Standards Institution^(e) for the "Manufacturing of precision Plastic Products (including Molding and Assembly)" on 21 July 2017. This ISO/TS 16949:2009 Quality Management System Certification expired on 14 September 2018.
2018	<ul style="list-style-type: none"> The ISO 9001:2008 Quality Management System Certification received in year 2015 was renewed to the ISO 9001:2015 Quality Management System Certification from United Registrar of Systems^(f) for "Manufacturing of Precision Plastic Injection Molded, Sub-Assembled, Print, Hot Stamped, Tempo Print, Spray Painted, Silk Screen and Nameplate" on 7 March 2018. This ISO 9001:2015 Quality Management System Certification will expire on 6 March 2021^(h); The ISO/TS 16949:2009 Quality Management System Certification received in year 2017 was renewed to the IATF 16949:2016 Quality Management System Certification from United Registrar of Systems^(f) for "Manufacturing of Precision Plastic Parts (Excludes Product Design Under Clause 8.3)" on 9 April 2018. This IATF 16949:2016 Quality Management System Certification will expire on 6 April 2021^(h).
2020	<ul style="list-style-type: none"> The ISO 14001:2015 Management System Certificate received in year 2011 was renewed to the ISO 14001:2015 Management System Certificate from Thai International Certified Assessment Co., Ltd^(d) for "Manufacture of Nameplates, Emblems, Logos Insulators and Overlay by Printing, Laser Mark, Tempo and Stamping Process and Precision Plastic Molding with Decorative Finishing" on 10 June 2020. This ISO 14001:2015 Management System certificate will expire on 10 June 2023.

Notes: -

- (a) *BM TRADA Certification Ltd is a global independent testing, inspection and certification company based in United Kingdom providing services in materials testing, product qualification testing, inspection and certification.*
- (b) *This ISO 9001:2008 Quality Management System Certification was renewed to the ISO 9001:2015 Quality Management System Certification from Exova (UK) Ltd (T/A Exova BM TRADA BM TRADA Certification Ltd)^(g) for the "Manufacture of Metal and Plastic Name Plates" on 8 May 2018. This ISO 9001:2015 Quality Management System Certification will expire on 7 May 2021.*
- (c) *This ISO 14001:2004 Environmental Management System Certification was renewed to the ISO 14001:2015 Environmental Management System Certificate from Exova (UK) Ltd (T/A Exova BM TRADA BM TRADA Certification Ltd)^(g) for the "Manufacture of Metal and Plastic Name Plates" on 8 May 2018. This ISO 14001:2015 Environmental Management System Certification will expire on 7 May 2021.*
- (d) *Thai International Certified Assessment Co., Ltd is a company based in Thailand involved in providing certification of quality, environment and safety in accordance with international standards.*
- (e) *The British Standards Institution is a national standard body of the United Kingdom involved in formulating standards and conducting management systems assessment and certification.*

7. BUSINESS OVERVIEW (cont'd)

- (f) *United Registrar of Systems is a company based in United Kingdom providing management systems certification, product certification, personal certification, training, inspection services and technical equipment revisions.*
- (g) *T/A Exova BM TRADA BM TRADA Certification Ltd is a testing, inspection and certification company which provides services in material testing, product qualification testing, inspection and certification which was formerly known as BM TRADA Certification Ltd.*
- (h) *The Company is in the midst of arranging the audit to be undertaken for the renewal of the aforesaid certifications.*

7.6 SALES AND MARKETING STRATEGIES

We believe that our sales and marketing strength is vital in the sustainability of our business. We possess the necessary business development skills in the promotion and marketing of our products and services to our customers, ranging from small medium enterprises to large MNCs.

We actively engage in the following sales and marketing strategies: -

- (a) Direct approach through our sales representatives

We have established sales and marketing divisions in countries where we operate, i.e. Malaysia and Thailand, to promote and market our Group's products and services as well as to build strategic relationship with our customers, through our sales representatives. With our sales representatives, we are able to provide efficient communication to our customers.

- (b) Referrals

Over the years, we have established a reputation as a manufacturing solution provider for nameplates and plastic injection moulded parts to our customers. Through our reputation, we receive prospective enquiries and secure new customers through referrals.

- (c) Corporate website

Corporate website is a means of introducing and broadcasting our products to potential customers and providing immediate searchable information on our Group. We have two (2) websites, i.e., www.volcano.com.my and www.volcano.co.th, to market and promote our products and services to customers by publishing our Group's latest updates.

The current widespread use of the internet as a source of information enables us to cross geographical boundaries and facilitate access from any part of the world, enhancing our potential market reach and exposure.

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7. BUSINESS OVERVIEW (cont'd)

7.7 MAJOR LICENSES AND PERMITS

Save as disclosed below, as at the LPD, there are no other major licenses and permits held by or issued to VNP and VTT in order for our Group to carry out our operations: -

(a) VNP

No.	Issuing authority	License	Nature of license	Effective date/ Date of expiry	Major conditions	Compliance status
1.	MITI	Manufacturing Licence No. A018287 under the Industrial Co-ordination Act 1975	For manufacture of aluminium nameplate, PC/PVC nameplate/epoxy and steel nameplate.	17.06.2011/ Expiry Date not applicable. <i>This manufacturing licence is valid until and unless it is revoked and need not be renewed.</i>	<p>(i) Site: 1411, Jalan Perusahaan, Kawasan Perumahan Perai 1, 13600 Perai, Pulau Pinang (subject to the approval from the relevant State Authority and Department of Environment)</p> <p>(ii) MITI and MIDA must be notified of any sale of the shares in the company.</p> <p>(iii) The company shall train Malaysian citizens in order to transfer technology and expertise to every level/position.</p> <p>(iv) The company shall implement its project as approved and shall comply with the laws and regulations of Malaysia.</p>	Complied

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	License	Nature of license	Effective date/ Date of expiry	Major conditions	Compliance status
2.	Royal Malaysian Custom Department	Manufacturing Warehouse Licence No. P78G6 200700000 023 A under Section 65A of the Customs Act 1967	For manufacturing the aluminium name plate, steel name plate, PVC spacer/insulator, name plate (of plastic) double sided tape, sticker/label, brass, copper, acrylic/plastic name plate non-woven logo, rubber/foam.	01.05.2020/ 30.04.2022	See Note (1) below	Complied
3.	Royal Malaysian Custom Department	Warehouse Licence No. P78G6 200700000 023 under Section 65 of the Customs Act 1967	For warehousing the aluminium name plate, steel name plate, PVC spacer/insulator, name plate (of plastic) double sided tape, sticker/label, brass, copper, acrylic/plastic name plate, non-woven logo, rubber/foam which are liable to customs duty.	01.05.2020/ 30.04.2022	See Note (1) below	Complied
4.	MBSP	Business licence	For production of name plates at 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang.	26.11.2020/ 31.12.2021	Nil	N/A

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	License	Nature of license	Effective date/ Date of expiry	Major conditions	Compliance status
5.	Fire and Rescue Department of Malaysia	Fire Certificate Siri No. 317828 under Fire Service Act 1988 and Fire Services (Fire Certificate) Regulations 2001	For premises 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang.	25.09.2020/ 24.09.2021	The life safety, fire prevention, fire protection and fire fighting requirements of the Fire Service Act 1988 facilities must remain in good order at all times	Complied
6.	Department of Occupational Safety and Health	Certificate of fitness (Registration PP PMT 14000) under the Factories and Machinery Act 1967	For unfired pressure vessel (air receiver) located at premises 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang with the capacity for the unfired pressure vessel of 0.3 cubic meters and pressure which allows the safety valve to be carry out is 981 kilopascal.	05.02.2021/ 03.05.2022	Nil	N/A
7.	Department of Occupational Safety and Health	Certificate of fitness (Registration PP PMT 14001) under the Factories and Machinery Act 1967	For unfired pressure vessel (air receiver) located at premises 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang with the capacity for the unfired pressure vessel of 0.5 cubic meters and pressure which allows the safety vessel to be carry out is 1034 kilopascal.	05.02.2021/ 03.05.2022	Nil	N/A

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	License	Nature of license	Effective date/ Date of expiry	Major conditions	Compliance status
8.	Department of Occupational Safety and Health	Certificate of fitness (Registration PP PMT 4469) under the Factories and Machinery Act 1967	For unfired pressure vessel (air receiver) located at premises 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang with the capacity for the unfired pressure vessel of 1.2 cubic meters and pressure which allows the safety vessel to be carry out is 1034 kilopascal.	23.09.2020/ 22.12.2021	Nil	N/A
9.	Department of Occupational Safety and Health	Certificate of fitness (Registration PP PMA 3186) under the Factories and Machinery Act 1967	For lifting machines (apart from lifting machines) located at premises 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang.	12.10.2020/ 04.01.2022	The machinery shall be handled by a qualified person who is qualified and has been registered with Department of Occupational Safety and Health.	Complied

Notes: -

(1) The Major Conditions of Licence for both manufacturing warehouse licence and warehouse licence: -

- (i) No dutiable goods other than raw materials/components and machinery used directly in manufacturing and manufactured goods which have been approved by the State Director of Customs may be stored in the Licensed Manufacturing Warehouse.
- (ii) At least 80% of the finished products (by value) are to be exported, and not exceeding 20% of the finished product can be sold in the local market as approved. Goods sold in domestic market are subject to any prevailing duties/taxes at the time.
- (iii) Bank Guarantee / General Bond amounting RM80,000.00 is required from licensee to ensure the safety of duties/taxes on raw materials/components, finished goods stored in the licensed manufacturing warehouse and the transfer of dutiable goods.

7. BUSINESS OVERVIEW (cont'd)

(iv) Licensee shall notify the Proper Officer of Customs[^] in writing within 14 days if:

- (a) There is a change in the Board of Directors of the company;
- (b) Company has been wound up;
- (c) An application for winding up of the company;
- (d) Appointment of Receiver or liquidator has been made;
- (e) The company is subject to civil claims, bankruptcy, closure and other similar matters.

(Remarks: -

[^] Under Section 2 of the Customs Act 1967, an "Officer of Customs" refers to: -

- the Director General;
- any Deputy Director General of Customs and Excise;
- any Assistant Director General, Director, Deputy Director, Senior Assistant Director and Assistant Director of Customs and Excise;
- any Senior Superintendent, Superintendent, Chief Assistant Superintendent, Senior Assistant Superintendent or Assistant Superintendent of Customs and Excise; or
- any Chief Customs Officer, Senior Customs Officer or Customs Officer)

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7. BUSINESS OVERVIEW (cont'd)

(b) VTT

No.	Issuing authority	License	Nature of license	Effective Date/ Date of expiry	Major conditions	Compliance status
1.	BOI	Promotion Certificate Number 2137 (2)/2551 under the Investment Promotions Act B.E. 2520 (1977)	Promotional privileges for investment in the business of manufacturing metal parts and plastic parts with attendant rights and benefits.	10.11.2008/Expiry Date not applicable See Note (a) below	The promoted person shall abide as follows: - (1) General Conditions See Note (b) below (2) Project Specific Conditions See Note (c) below	Complied
2.	IEAT	Letter of Permission for Utilization and Business Operations in Industrial Estate No. 2-25-1-303-14823-2562 under the Industrial Estate Authority of Thailand Act B.E. 2522 (1979), Renewal No. 2	To operate business activity of "Manufacture of product made by carving on various material such as wood, plastic, brass, metal, plates, or name plate on metal work or metal sheet and manufacture of plastic parts used for electricity appliances and used as part of other appliances".	16.12.2019/ 31.12.2024	The business operator shall comply with the following conditions: (1) The conditions attached to the Letter of Permission for Business Operations in Industrial Estate under the Industrial Estate Authority of Thailand B.E. 2522(1979); See Note (d) below	Complied

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	License	Nature of license	Effective Date/ Date of expiry	Major conditions	Compliance status
3.	Department of Business Development	Foreign Certificate No. 1255901539 Registration No. 0105558027435 under Section 12 of the Foreign Business Act B.E. 2542 (1999)	To operate the business of work for hire or manufacturing metal and plastic parts.	04.05.2011/Expiry Date not applicable	The company shall operate business of work for hire or manufacturing metal and plastic parts according to the BOI Certification given by the BOI to operate in the business of manufacturing metal and plastic parts under Manufacture of metal products including metal parts category and Manufacture of plastic products or products coated with plastic category. The company shall comply with the conditions stipulated by the BOI. <i>(BOI stipulated conditions are referred in Note (b) and Note (c) below.)</i>	Complied
4.	Department of Business Development	Foreign Certificate No. 1256101277 Registration No. 0105551105252 under Section 12 of the Foreign Business Act B.E. 2542 (1999)	To operate the business of manufacture and work for hire	04.04.2018/Expiry Date not applicable	The company shall operate business of manufacture and work for hire of the following products: - 1. Products made by carving on various material such as plastic, brass, metal 2. Plates or name plate products on metal or plastic material 3. Plastic products and parts used in industries of electronics, electricity appliances and other appliances including automobile.	Complied

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	License	Nature of license	Effective Date/ Date of expiry	Major conditions	Compliance status
5.	Mabyangporn Subdistrict Administrative Organisation	Harmful Business Permit Volume 02, No. 28, Year 2564 (2021)	To operate in harmful business type of metal lathe, drill, weld, forge, cut braze, extrude and invent things made of rubber, plastic.	27.11.2020/ 31.12.2021	The business operation period shall be throughout the duration of permitted business operation. The company shall comply with the conditions stipulated by the Industrial Estate Authority of Thailand. <i>(IEAT stipulated conditions are referred in Note (d) below).</i>	Complied

7. BUSINESS OVERVIEW (cont'd)

Notes: -

- (a) Although this certificate does not have any expiry date, the tax privileges derived from the privileges and benefits of this certificate has a time frame of a tax exemption for a period of eight (8) years from 24 December 2008 to 23 December 2016 on the net profits, restricted to 100% investment capital of VTT (excluding cost of land and working capital) at THB49,293,353.40 (or equivalent to RM6.64 million) as determined in the BOI's operation start-up certificate and upon expiry of the period of eight (8) years, the promotion certificate entitles VTT to a reduction of 50% of normal income tax rate for a further period of five (5) years from 24 December 2016 to 23 December 2021 of which the amount is not capped.
- (b) The General Conditions under the Promotion Certificate are as follows:-
1. A promoted person* shall not allow its foreign technicians or experts who were given permission to enter the Kingdom in order to specifically work on a promoted project#, to work or perform duties other than the scope of work approved by the BOI and when these technicians or experts have completed its term of service, notice shall be served to the Office of Board of Investment (OBOI) within 15 days from the date the said person completed its term of employment.
- (Remarks: -
* The promoted person is defined under Section 4 of the Investment Promotion Act B.E. 2520 (1977) as the one who is granted a promotion certificate under the Act.
Promoted project refers to the project for which the Promotion Certificate is issued for VTT i.e., business of manufacturing metal parts and plastic parts under Category 4.3 and Category 6.9.)
2. A promoted person must use the land acquired to carry on the promoted activity only.
 3. A promoted person must use machinery which has been granted exemption or relaxation of import duties in the promoted business only.
 - 3.1 A promoted person must not mortgage, transfer ownership, lease or allow other persons to use the machinery which has been granted exemption or relaxation of import duties.
 4. Upon the business start-up, a promoted person must submit a report detailing results attained under the project and business operations to the BOI as follows: -
 - 4.1 Change in proportion of shareholdings between Thai nationals and foreigners including change of shareholdings among foreign shareholders at all times.
 - 4.2 Financial status and business operation results as per specified by the BOI office and shall submit annually within 31 July of the following year.
 - 4.3 Other issues shall be reported from time to time as per forms and period prescribed by the BOI.
 5. In case of ceasing operation for more than two (2) months, a promoted person must obtain permission from the BOI.
 6. In case of moving the business to another location, a promoted person shall inform the BOI at all times, and shall attach corporate certification from the Ministry of Commerce, otherwise, the promoted person shall be deemed that it is located at the latest address notified to the BOI and that the promoted person has received all written documents, announcements or orders which the BOI has sent to the notified address.
- (c) The Project Specific Conditions under the Promotion Certificate are as follows: -
1. Machinery used in the promoted business shall be brand new.
 2. A promoted person must complete the whole project and be ready for project start-up within 36 months from date of issuance of promotion certificate in accordance with the forms prescribed by the BOI.

7. BUSINESS OVERVIEW (cont'd)

3. A promoted person must have registered capital not less than **Twenty Million baht** fully paid up before date of project start-up.
 4. A promoted person must carry on business by fulfilling the major aspects of the promoted activity as follows: -
 - 4.1 Type of products: metal parts such as metal logo, metal name plate and plastic parts such as plastic logo, plastic name plate, etc.
 - 4.2 Size of business: the production capacity is as follows: -
 - Metal parts such as metal logo, metal name plate at 100 tons or 19,500,000 pieces per year
 - Plastic parts such as plastic logo, plastic name plate at 120 tons or 22,880,000 pieces per year (working hours 22 hours/day: 300 day/year)
 - By-product such as scrap or waste from the production process.
 5. Amount of investment (excluding cost of land and working capital) shall be not less than **Two Million baht**.
 6. A promoted person must submit application of privileges and benefits for juristic person income tax exemption and the business operation report which is audited by the Certified Public Accountant to the BOI office within **one hundred twenty days** from the end of account period to obtain privileges and benefits for juristic person income tax exemption in such account period.
 7. Corporate income tax which is exempted under Section 31 paragraph one and paragraph three shall be not exceeding to **53,000,000 baht**. Whereby the exempted amount shall be changed according to the investment capital excluding cost of land and working capital on the date of project start-up.
(Remark: VTT is granted corporate income tax exemption for a period of eight (8) years (determined from date of first commercial invoice) and the total amount of tax exempted must not exceed THB 53,000,000, which ever first occurs. The final investment figure based on the actual investment by VTT is THB49,293,353.40)
 8. A promoted person must operate to acquire qualification systems certification under the **ISO 9000 or ISO 14000** or other equivalent international standard within **2 years** from the date of project start-up. If it fails to do so within the specified period, the promoted person shall be withdrawn privileges and benefits for juristic income tax exemption for **1 year**.
 9. The business establishment shall be set up within Amata City Industrial Estate, Rayong province and such establishment shall be not situated within city planning area of the province and the promoted person shall obtain license from Ministry of Industry or from the related authority. In this nexus, within fifteen years from date of starting operations, the establishment cannot be moved to another location.
- (d) The conditions attached in the Letter of Permission for Business Operations in Industrial Estate whereby the business operator shall comply as follows: -
1. The business operator shall operate its business under Regulation of the Board of Directors of the Industrial Estate Authority of Thailand subject on Rules, Methods and Conditions for Operating Business in the Industrial Estate B.E. 2551(2008) and the amendment;
 2. The business operator shall operate its business under Protection Measures and correction the impact of environment and environmental quality monitoring measures as presented in the EIA report of Project in Industrial Estate located specially in the part which responsibilities by the factory;
 3. In order to operate the permitted business, if there are other related law, it shall obtain permits from the related government authorities and shall comply strictly;

7. BUSINESS OVERVIEW (cont'd)

4. *The business operator shall comply with safety, occupational and health safety, and workplace environment and conditions specified by the related law and ministerial regulations throughout the terms of operation;*
5. *When the business operator commences factory construction, machinery installation, machinery commission and completion of industrial operation compliance and ready to start-up its business, the business operator shall inform the IEAT to acknowledge (according the form IEAT 03/1) not less than 30 days before the business start-up.*


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7. BUSINESS OVERVIEW (cont'd)

7.8 BRAND NAME, TRADE MARK, LICENSE AGREEMENT AND TECHNICAL AGREEMENT

As at the LPD, save for the trademark disclosed in Section 7.8.1 of this Prospectus held by VNP which we are currently using in our day-to-day business, our Group does not presently hold any brand name, patent, trade mark, license, technical assistance agreement, franchise and other intellectual property rights VTT does not have any registered trade mark in Thailand.

7.8.1 Registered trade mark

No.	Registered Owner	Issuing Authority	Representation of Trade Mark	Trade Mark No.	Date of Certificate	Effective Date	Date of Expiry	Classification
1.	VNP	Registrar of Trade Marks (a)(b)		2011006463	03.05.2017	08.04.2011	08.04.2021	Metal nameplate included in Class 6

Notes: -

(a) Registrar of Trade Marks is defined under Section 10(1) of the Trade Marks Act 2019 as the Director General of the Intellectual Property Corporation of Malaysia established under the Intellectual Property Corporation of Malaysia Act 2002.

(b) We had, on 12 January 2021 submitted an application for the renewal of the trade mark for another ten (10) years. The renewed certificate is currently pending issuance by the Registrar of Trade Marks.

7.8.2 License agreement

As at the LPD, our Company has not entered into any license agreement with any parties.

7.9 DEPENDENCY ON CONTRACTS, ARRANGEMENTS, LICENSES AND PATENTS

As at the LPD, save as disclosed below, our Group is not dependent on any other contracts/arrangements/licenses/patents: -

- (a) major licenses and permits as set out in Section 7.7 of this Prospectus; and
- (b) registered trade mark as set out in Section 7.8.1 of this Prospectus.

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7. BUSINESS OVERVIEW (cont'd)

7.10 PROPERTY, PLANT AND EQUIPMENT

7.10.1 Properties owned by our Group

As at the LPD, the details of the property owned by our Group are as follows: -

Registered/ Beneficial Owner	Title/Address	Description/Existing Use	Tenure of Property/Date of Expiry of Lease	Approximate Land/ Built-up Area (Sq Ft)	Date of CF/CCC and 19.06.2019	Date of Sale and Purchase Agreement	Group audited NBV as at 31.12.2020 (RM'000)	Encumbrance
VNP	Title H.S. (D) 44425 PT 2, Mukim 01, Daerah Seberang Perai Tengah, Pulau Pinang Address No. 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang	A piece of industrial land comprising: - (i) a one-half storey office building; (ii) a single-storey factory; (iii) a three-storey factory; and (iv) ancillary facilities comprising a single- storey guard house, a single-storey storage warehouse, car parking shed and landscaping area /Used for the manufacturing of nameplates See Note (a) below	Leasehold for 99 years expiring on 1 November 2071. (Remaining unexpired term of approximately 50 years and 8 months from the LPD)	43,560/ 45,045	08.06.2004, 06.08.2008 and 19.06.2019	08.09.2003	2,825	Nil See Note (b) below
VNP	Title H.S. (D) 44449 PT 2824, Mukim 01, Daerah Seberang	A piece of industrial land comprising: -	Leasehold for 60 years expiring on 27 July 2034.	49,092/ 20,760	23.12.1976 and 22.08.2019	05.11.2008	682	Nil See Note (c) below

7. BUSINESS OVERVIEW (cont'd)

Registered/ Beneficial Owner	Title/Address	Description/Existing Use	Tenure of Property/Date of Expiry of Lease	Approximate Land/ Built-up Area (Sq Ft)	Date of CF/CCC	Date of Sale and Purchase Agreement	Group audited NBV as at 31.12.2020 (RM'000)	Encumbrance	
VTT	<p>Perai Tengah, Pulau Pinang</p> <p>Address No. 2048, Kompleks Industri, Solok Perusahaan 2, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang</p>	<p>(i) two units of single-storey detached factory; and</p> <p>(ii) ancillary facilities comprising a single-storey waste material warehouse, a single-storey general storage warehouse, canteen, car parking shed and landscaping area</p> <p>/Used for storage warehouse, canteen and car park</p>	(Remaining unexpired term of approximately 13 years and 5 months from the LPD)	174,240/ 85,415	06.10.2011, 21.11.2013, 25.03.2014 and 10.07.2015 See Note (d) below	01.12.2010	15,098	Nil	
	<p>Title Title deed no. 15241 Tambol Mabyangporn Amphur Pluakdaeng Rayong Province</p> <p>Address 7/298, Moo 6, Amata City Industrial Estate Mabyangporn, Pluakdaeng Rayong 21140 Thailand</p>	<p>A piece of industrial land comprising: -</p> <p>(i) a two (2)-storey office building;</p> <p>(ii) a single-storey factory; and</p> <p>(iii) a single-storey detached warehouse</p> <p>/Used for the manufacturing of nameplates and plastic injection moulding products</p>	Freehold						
Total							18,605		

7. BUSINESS OVERVIEW (cont'd)

Notes: -

(a) VNP, via its consultant had on 15.11.2018 submitted an application to MBSP for the extensions comprising tooling/die-cut room and scrap store made on the existing factory of No. 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang. This application was made under MBSP's "Program Pemutihan Kilang-Kilang Tanpa Kebenaran" and VNP has obtained the CCC for the said extensions on 19.6.2019.

(b) The title is endorsed with the following restriction-in-interest and express conditions

Restriction-in interest

The land is subject to restriction in interest whereby the land hereby alienated shall not be transferred, charged, leased, subleased or otherwise in any manner dealt with or disposed of without the written sanction of the State Authority.

Express Condition

There are express conditions endorsed on the land title as follows: -

Prai Industrial Estate, Bukit Mertajam

- (i) the proprietor shall within two (2) years from the date of alienation or within such further term as may be approved by the State Authority erect a factory building or buildings on the land hereby leased in accordance with the plan approved by the local authority, and shall maintain the building or buildings so erected to the satisfaction of the Collector Revenue, Bukit Mertajam.
- (ii) the proprietor shall treat and dispose of, or cause to be treated or disposed of, trade effluents in a manner to the satisfaction of the Collector of Land Revenue, Bukit Mertajam.
- (iii) the proprietor shall pay and discharge all taxes, rates, assessments and charges whatsoever which may be payable for the time being in respect of the land hereby alienated or any part thereof, whether levied by the District Council Central, Province Wellesley, or any other authority.
- (iv) the proprietor shall ensure that 25% of the employees engaged in the business for which the land is hereby alienated shall be Malays.

(c) The title is endorsed with the following restriction-in-interest and express conditions

Restriction-in interest

The land is subject to restriction in interest whereby the land hereby alienated shall not be transferred, charged, leased, subleased or otherwise in any manner dealt with or disposed of without the written sanction of the State Authority.

Express Condition

There are express conditions endorsed on the land title as follows: -

- (i) the proprietor shall within two (2) years from the date of alienation or within such further term as may be approved by the State Authority erect a factory building or buildings on the land hereby leased in accordance with the plan approved by the local authority, and shall maintain the building or buildings so erected to the satisfaction of the State Authority.
- (ii) the proprietor shall treat and dispose of, or cause to be treated or disposed of, trade effluents in a manner to the satisfaction of the State Authority.

7. BUSINESS OVERVIEW (cont'd)

- (iii) the proprietor shall pay and discharge all taxes, rates, assessments and charges whatsoever which may be payable for the time being in respect of the land hereby alienated or any part thereof, whether levied by the District Council Central, Bukit Mertajam.
- (iv) the proprietor shall ensure that 25% of the employees engaged in the business for which the land is hereby alienated shall be Malays.
- (d) As VTT's facilities are located inside an industrial estate, VTT's operations are regulated under the Industrial Estate Authority of Thailand Act B.E. 2522 (1979). VTT is required to obtain permission from the IEAT to build and/or modify structures on its land. Where a building has been built or modified, the IEAT will inspect the facility and, where the construction or modification are in compliance, the IEAT will issue a certificate of building construction, modification or relocation to the operator to confirm that the facilities are in built or modified in compliance, fit for occupancy and use for its intended purpose. The following are the Certificate of Building Construction, Modification or Relocation obtained by VTT which is equivalent to CF/CCC: -
 - (i) Certificate of Building Construction, Modification or Relocation dated 06.10.2011 granted to VTT to have duly constructed 1 steel structure, single storey building with mezzanine used as manufacture and office facility under the permission per permit on 14.01.2011.
 - (ii) Certificate of Building Construction, Modification or Relocation dated 21.11.2013 granted to VTT to have duly constructed 1 steel structure, single storey building used as a warehouse under the permission per permit on 29.07.2013.
 - (iii) Certificate of Building Construction, Modification or Relocation dated 25.03.2014 granted to VTT to have modified 1 steel structure, single storey building with mezzanine used as manufacture and office facility (extend a side of the building with a single storey structure which is used as a roof to cover loading area) under the permission per permit on 25.12.2014.
 - (iv) Certificate of Building Construction, Modification or Relocation dated 10.07.2015 granted to VTT to have duly constructed and modified 1 steel structure, single storey building used as a warehouse (extend a side of the building with a single storey structure which is used as a storage facility) and 1 steel structure, single storey building used as a storage facility (tent) under the permission per permit on 02.03.2015.

As at the LPD, VNP and VTT have complied with all regulatory requirements and have not experienced any environmental issues which may materially affect VNP's and VTT's operation and utilisation of its property, plant and equipment.

7.10.2 Properties rented by our Group

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure of Property/Date of Expiry of Lease	Approximate Land/Built-up Area (Sq Ft)	Annual Rental (RM)
Ooi Seok Yeong	<u>Title</u> GM 553, Lot 4435, Mukim 01, Daerah Seberang Perai Tengah, Pulau Pinang <u>Address</u> No. 22, Medan Talang, Taman Emas, 13700 Seberang Perai, Pulau Pinang	Double storey terrace house for residential purposes/ Accommodation for VNP's employees	Two (2) years from 01.01.2020 to 31.12.2021	1,593/2,000	9,600

7. BUSINESS OVERVIEW (cont'd)

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure of Property/Date of Expiry of Lease	Approximate Land/Built-up Area (Sq Ft)	Annual Rental (RM)
Sonny Cheah Soo Chuan	<u>Title</u> GRN 115728, Lot 1665, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang <u>Address</u> No. 55, Medan Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang	Double storey terrace house for residential purposes/ Accommodation for VNP's employees	Two (2) years from 01.01.2020 to 31.12.2021	1,399/1,378	14,400
SC Chin Hostel & Transport Sdn Bhd	<u>Title</u> Geran No. Hakmilik 140850, Lot 2119, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang <u>Address</u> No. 7, Persiaran Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang	Double storey terrace house for residential purposes/ Accommodation for VNP's employees	Two (2) years from 01.05.2019 to 30.04.2021	1,399/1,378	14,400
Lim Hai Teng	<u>Title</u> Geran No. Hakmilik 115595, Lot 1556, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang <u>Address</u> No. 35, Tingkat Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang	Double storey terrace house for residential purposes/ Accommodation for VNP's employees	Two (2) years from 15.03.2020 to 14.03.2022	1,572/1,550	18,000

Note: -

Pursuant to the recently amended Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 [Act 446] ("Act 446"), which came into effect from 1 June 2020 and by virtue of the new Section 24D of Act 446, no accommodation shall be provided to an employee unless certified with a Certificates of Accommodation and employers must submit an application with prescribed processing fees in order to obtain a Certificates of Accommodation issued by the Department of Labour Peninsular Malaysia for the properties which will be made as an accommodation for the employees. The amended Act 446 read with the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodations) Regulations 2020 essentially set out the minimum requirements for the employees' accommodations that need to be complied with for the Certificates of Accommodation to be issued therefor.

7. BUSINESS OVERVIEW (cont'd)

In compliance with the Act 446, on 19 November 2020, VNP has made the applications for the Certificates of Accommodation for each of the rented premises being used as workers' accommodations and paid the prescribed processing fees on 26 November 2020 to Department of Labour Butterworth. The rented premises were inspected by the officers from the said Department of Labour on 10 December 2020. There is no non-compliance recorded pursuant to the inspection by the Department of Labour Butterworth. As at the LPD, our Group has complied with the minimum requirements for the employees' accommodations that need to be complied with for the Certificates of Accommodation to be issued. On 10 March 2021, we have obtained the approval from the Department of Labour Butterworth in relation to the applications for the Certificates of Accommodation.

Save as disclosed above, the Board confirms that the Group is not in breach of any of the relevant land rules and building regulations governing the property owned/occupied by the Group.

7.10.3 Material plant and equipment

A summary of the material plant and equipment used and owned by us for the FYE 2020 is set out below: -

Key equipment	Description	Original Cost (RM'000)	Group audited NBV as at 31.12.2020 (RM'000)	VNP No. of units	VTT No. of units	Total No. of units	Aged ≤ 3 years	Aged > 3 to ≤ 6 years	Aged > 6 years
Stamping machines	Used for shaping and cutting of sheet metal by blanking, forming, debossing, embossing and die cutting	1,100	251	32	7	39	-	-	39
Laser cutting machines	Used for engraving, finishing and cutting of sheet metal	4,354	2,811	14	-	14	3	8	3
Injection moulding machines	Used for manufacturing plastic injection moulded parts	4,785	1,372	-	23	23	2	2	19
Offset printing machines	Printing of artwork	203	17	2	-	2	-	1	1
Silk screen printing machines	Printing of artwork	913	168	7	9	16	1	-	15
Tampo printing machines	Printing of artwork	37	18	1	4	5	-	-	5

7. BUSINESS OVERVIEW (cont'd)

Key equipment	Description	Original Cost (RM'000)	Group audited NBV as at 31.12.2020 (RM'000)	VNP No. of units	VTT No. of units	Total No. of units	Aged ≤ 3 years	Aged > 3 to ≤ 6 years	Aged > 6 years
Hot stamping machines	Printing of artwork	71	21	2	2	4	1	-	3
Diamond cutting machines	Used to perform diamond cut surface treatment process	163	46	4	2	6	-	-	6
Die cut/cutting machines	Used for cutting	544	264	6	9	15	9	3	3
CNC machine	Used for precision machining	90	8	1	-	1	-	-	1
Total				69	56	125	16	14	95

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7. BUSINESS OVERVIEW (cont'd)

7.10.4 Operating capacities and output

Our Group's maximum yearly production capacity and utilisation rates for the FYE 2018, FYE 2019 and FYE 2020 are set out below: -

Product Type/ Machines	FYE 2018				FYE 2019			
	Number of machines utilised for production (unit)	Maximum Production Capacity ('000 units per year) ^	Actual Production ('000 units)	Average Percentage Utilised (%)	Number of machines utilised for production (unit)	Maximum Production Capacity ('000 units per year) ^	Actual Production ('000 units)	Average Percentage Utilised (%)
Nameplates								
Stamping ^(e)	39	61,050	31,620	51.79	39	61,050	27,384	44.86
Laser cutting ^(b)	11	25,416	21,692	85.35	12 ^(f)	27,727	26,703	96.31
Plastic injection moulded parts								
Plastic injection ^(c)	23	10,717	7,698	71.83 ^(d)	23	10,717	7,444 ^(d)	69.46

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7. BUSINESS OVERVIEW (cont'd)

Product Type/ Machines	FYE 2020			Average Percentage Utilised (%)
	Number of machines utilised for production (unit)	Maximum Production Capacity (‘000 units per year) ^	Actual Production (‘000 units)	
Nameplates				
Stamping ^(a)	39	61,050	28,672	46.96
Laser cutting ^(b)	13.42 ⁽ⁱⁱ⁾	31,000	27,499	88.71
Plastic injection moulded parts				
Plastic injection ^(c)	23	10,717	7,223 ^(d)	67.40

Notes: -

- (i) The total number of laser cutting machines owned by the Group for the FYE 2019 was thirteen (13) units of which two (2) new laser cutting machine were acquired during the FYE 2019 and had been pro-rated based on the number of months that they were utilised. Hence, the total number of laser cutting machines utilised for the aforesaid year was twelve (12) units only.
- (ii) The total number of laser cutting machines owned by the Group for the FYE 2020 was fourteen (14) units of which one (1) new laser cutting machine was acquired during the FYE 2020 and had been pro-rated based on the number of months that it was utilised. Hence, the total number of laser cutting machines utilised for the aforesaid year was thirteen point forty two (13.42) units only.

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7. BUSINESS OVERVIEW (cont'd)

- ^ Calculated based on the following formula: -
- $$= \frac{\text{No of productive machining hours per day}^{\#} \times \text{No. of working days in a year} \times \text{No. of machines}}{\text{Average production time per unit}}$$
- # Productive machining hours refers to the hours the machines are in operation.

The tabulation of the production capacity includes the key machineries of the key processes for the production of nameplates and plastic injection moulded parts only. It does not include the production capacities of other machines such as printing machines, CNC machines and die cutting as these are machines used for supplemental processes for the production of nameplates which may or may not be required depending on customers' requirements.

Assumptions: -

- (a) Maximum production capacity is calculated based on average 17.86 seconds production time per unit, productive machining hours of 353 working days with 22 working hours per working day (two (2) working shifts of 11 working hours per shift) and a total of 39 stamping machines utilised;
- (b) Maximum production capacity is calculated based on average 12.10 seconds production time per unit, productive machining hours of 353 working days with 22 working hours per working day (two (2) working shifts of 11 working hours per shift) and the respective laser cutting machines utilised during the Financial Years Under Review;
- (c) Maximum production capacity is calculated based on average 60.00 seconds production time per unit (for FYE 2018, FYE 2019 and FYE 2020), productive machining hours of 353 working days with 22 working hours per working (two (2) working shifts of 11 working hours per shift) day and a total of 23 plastic injection moulding machines utilised.
- (d) We have plastic injection moulding machines ranging from 25 MT to 800 MT to cater to customer orders for plastic products in different sizes, as different sizes of plastic products are produced by plastic injection moulding machines of different tonnages (i.e., larger sized plastic injection moulded parts require higher tonnage plastic injection moulding machines, and vice-versa).

Our utilisation rates are therefore driven by our product specifications which are customised based on each customer's requirements/order. As the product specification differ for each product, our machines do not operate 24 hours a day and seven (7) days a week. After we complete the production for a specific order, our plastic injection moulding machines will remain idle until the next order.

- Production time per unit varies according to product design, material and thickness of raw materials.

7.10.5 Regulatory requirements and environmental issue

As at the LPD, our Group is in compliance in respect of all relevant laws, regulations, rules or requirements governing the conduct of our Group's business and environmental issue which may materially affect our Group's business or operations.

We set out below, an overview of the relevant laws and regulatory requirements governing the conduct of our business and environmental issue which may materially affect our Group's business or operations in Malaysia and Thailand: -

7. BUSINESS OVERVIEW (cont'd)

Malaysian operations**(a) Industrial Co-Ordination Act 1975 (“ICA”)**

Under Section 3(1) of the ICA, no person shall engage in any manufacturing activity unless issued with a licence in respect of such manufacturing activity. Any person who fails to comply with this is guilty of an offence and is liable on conviction, to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding six months and to a further fine not exceeding RM1,000.00 for every day during which such default continues. Manufacturing companies with shareholders' funds of RM2.5 million and above or employing 75 or more full-time paid employees are required to apply for a Manufacturing Licence.

As a manufacturing concern, our subsidiary, VNP holds a Manufacturing Licence issued by MITI for our products and is allowed to carry out manufacturing activity at our premises located at No. 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang, subject to the conditions imposed in the Manufacturing Licence. The Manufacturing Licence is valid until or unless it is revoked by MITI. In this regard, MITI has the discretion to revoke the Manufacturing Licence if the licensee (a) has not complied with any imposed in the licence; (b) is no longer engaged in the manufacturing activity in respect of which the licence is issued; or (c) has made a false statement in his application for the licence.

Please refer to item No.1 in the table in Section 7.7(a) of this Prospectus for the details of our Manufacturing Licence including the conditions imposed therein. As at LPD, we have complied with these conditions of our Manufacturing Licence.

One of the conditions of our Manufacturing Licence is that the approved site of the manufacturing activity (i.e., premises No. 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang) must be subject to the approval of the relevant State Authority and Department of Environment. We have duly obtained the letters of no objection from the Penang Development Corporation (a State agency) and the Department of Environment in this regard.

(b) Customs Act 1967

VNP also holds a Warehouse Licence and a Manufacturing Warehouse Licence issued by the Royal Malaysian Customs Department for warehousing our products which, without these licences, would have been subject to customs duty.

The Warehouse Licence is issued under Section 65 of the Customs Act 1967 which empowers the Director General of Customs to grant and when granted, withdraw any licence for warehousing goods liable to customs duties and any other goods in a place or places specified in such licence, for such period and subject to such conditions as the Director General of Customs in each case may specify in the licence. In respect of a warehouse licensed under Section 65 of the Customs Act 1967, the Director General of Customs may, under Section 65A of the Customs Act 1967, grant an additional licence (i.e. also known as Manufacturing Warehouse Licence) to the licensee and when granted withdraw any such licence, to carry on any manufacturing process and other operation in respect of the goods liable to customs duties and any other goods, for such period and subject to such conditions as the Director General may specify in the licence. No goods which have undergone any manufacturing process in the warehouse may be released for home consumption or export without the prior approval of the Director General. Subject to remission for waste arising from the manufacturing process of such goods, if such goods are released from the licensed warehouse for home consumption, the customs duty thereon shall be calculated on the basis as if such goods had been imported.

7. BUSINESS OVERVIEW (cont'd)

Please refer to items No. 2 and 3 in the table in Section 7.7(a) of this Prospectus for the details of these Manufacturing Warehouse Licence and Warehouse Licence, including the conditions imposed therein. As at LPD, we have complied with these conditions.

Thailand operations**(c) Investment Promotions Act B.E. 2520 (1977)**

Under the Investment Promotions Act B.E. 2520 (1977), BOI grants investment promotion privileges for investors in selected industries, thereby entitling the promoted entity to tax and non-tax privileges for their Thai operations.

VTT applied for and received Promotion Certificate No. 2137(2)/2551 ("BOI Certificate") which is effective from 10 November 2008 from BOI pursuant to the Investment Promotions Act B.E. 2520 (1977) for its business of manufacturing of metal products and metal parts and manufacturing of plastic or plastic coated products. Under the BOI Certificate, VTT was conferred with exemption from corporate income tax for a period of eight years from 24 December 2008 to 23 December 2016 on its net profits, restricted to 100% investment capital of VTT (excluding cost of land and working capital) on the capped net profits of 49,293,353.40 Baht (finalised corporate income tax exemption amount as confirmed in the BOI's full operation certification, dated 16 May 2016). VTT was also granted non-tax privileges such as permission to operate the promoted business activity as a foreign majority or wholly-held entity, permission to own land for use in the promoted business, and permission to hire foreign skilled workers and there is no restriction period so long as the promotion certificate subsists. Upon expiry of the tax exemption period of eight (8) years, the BOI Certificate entitles us to a reduction of 50% of normal income tax rate for a further period of five (5) years commencing from the expiry of the eight (8)-year tax exemption period (i.e., from 24 December 2016 to 23 December 2021) of which there is no capped amount. After the expiry of tax privileges, BOI Certificate remains valid and does not have an expiry date. Non-tax privileges granted by the BOI remain valid until such time when the promoted entity (i.e., VTT) cancels the BOI Certificate.

Please refer to item No.1 in the table in Section 7.7(b) of this Prospectus for the details of the BOI Certificate including the conditions imposed therein. As at LPD, VTT complied with BOI Certificate conditions.

(d) Industrial Estate Authority of Thailand Act B.E. 2522 (1979)

Pursuant to the Industrial Estate Authority of Thailand Act B.E. 2522 (1979) (as amended), in order to establish and operate a factory in an industrial estate, a permission for land use and operation in an industrial estate must be obtained from the IEAT. VTT has obtained the IEAT Letter of Permission (Renewal No. 2), No 2-25-1-303-14823-2562, dated 16 December 2019 for its manufacturing business from IEAT and therefore is permitted to carry out its business operations in Amata City Industrial Estate. This permit will expire on 31 December 2024, and can be renewed for consecutive four (4)-year terms for the duration that VTT operates its business in the industrial estate.

As at LPD, VTT complied with all the conditions attached to the abovesaid IEAT Letter of Permission. Please refer to item No. 2 in the table in Section 7.7(b) of this Prospectus for the conditions attached to the IEAT Letter of Permission.

7. BUSINESS OVERVIEW (cont'd)

(e) Foreign Business Act B.E. 2542 (1999)

The Foreign Business Act B.E. 2542 (A.D. 1999) (the “FBA”) is the main law regulating foreign participation or ownership of business operations in Thailand. Unless otherwise permitted by other applicable laws (e.g., Investment Promotion Act or other bilateral treaties), foreign business operations in Thailand will generally be subject to the FBA. A BOI-promoted company or a company operating in an IEAT-approved industrial estate is exempt from applying for a foreign business license but it is required to have a foreign business certificate, and upon receipt of such certificate, the foreign entity will be exempted from the application of the FBA as described therein.

VTT, whose shares are owned by foreign shareholders (i.e., non-Thai nationals), is regarded as a foreign company under the FBA, has obtained a Foreign Business Certificate (no. 1255400955) from the Bureau of Foreign Business Administration, Department of Business Development, Thailand, for its hire for work service business of manufacturing metal and plastic products within the scope of business activities prescribed in the BOI Certificate. VTT, as an operator in an IEAT-approved industrial estate, also received a second Foreign Business Certificate (no. 1256101277) from for its hire for work service business of manufacturing products made by carving on various materials, plates or name plate products, plastic products and parts used in industries of electronics, electricity appliances and other appliances including automobile. These foreign business certificates of VTT are current and do not have expiry dates. Please refer to items No. 3 & 4 in the table in Section 7.7(b) of this Prospectus for the details of these Foreign Business Certificates.

(f) Public Health Act B.E. 2535 (1992)

Pursuant to the Public Health Act B.E. 2535 (1992), a wide range of businesses are prescribed as businesses which are harmful to health (“Harmful Business”), and any person intending to conduct a Harmful Business must comply with the local regulations issued by the relevant Sub-district Administrative Organization (“SAO”) governing the area in which such business will be carried out. According to Mabyangporn SAO Regulation No. 1 B.E. 2544 (2001) (as amended), the production of plastic products (or products with similar materials) is prescribed as a Harmful Business in Mabyangporn Subdistrict.

In compliance with the Public Health Act, VTT has applied for and granted a Harmful Business Permit which allows it to engage in the manufacturing and sale of plastic products. VTT’s Harmful Business Permit will expire on 31 December 2021 and is renewable. VTT has in the past, diligently renewed the Harmful Business Permit and will continue to do so prior to its expiry. Please refer to item No. 5 in the table in Section 7.7(b) of this Prospectus for details of the Harmful Business Permit.

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7. BUSINESS OVERVIEW (cont'd)

7.11 TECHNOLOGIES USED

We employ the following technologies for the manufacturing of nameplates and plastic injection moulded parts: -

(a) Nameplates manufacturing

Technology	Description
Laser cutting	Laser cutting is a technology that enables high-precision cutting, allowing us to refine our product finishing through cutting/shaping of complex geometries and patterns, and on materials of various thickness without deformation, and will also increase operating efficiencies and process accuracies.
Silk screen printing	A printing technology where a silk mesh is used to support an ink-blocking stencil. The silk mesh is stretched across a frame, usually wooden and placed on the printing surface. The frame with the silk mesh will be filled with a layer of ink and scraped across with a rubber scraper to push the ink through the permeable parts of the mesh onto the printing surface forming a sharp edged image.
Off-set printing	A printing technology where an inked image is being transferred (or "offset") from a plate to a plate cylinder and then to a print surface. Offset printing is developed based on the fundamental principle that ink is not water-soluble, so ink and water will not be able to mix. An aluminium printing plate will go through the platemaking process where the printing images will be formed. To form the printing area, an ink-accepting coating is applied on the aluminium printing plate, leaving the non-printing area not being able to be inked. The printing plate is then wrapped around the rotating cylinder, and picks up water onto the non-printing area. Ink will be repelled by the water-holding areas and the printing area will be inked. The inked area of the printing plate will then pressed onto a rubber blanket wrapped onto another rotating cylinder. Subsequently, the inked image on the rubber blanket will then be transferred (or "offset") onto the printing surface.
Tampo printing	A printing technology where inked image from a printing plate is transferred onto irregular or non-flat surfaces in various shapes using a flexible silicone pad. Due to the high amount of elasticity of the flexible silicone pad, it enables printing to be done even on irregular or non-flat surfaces in various shapes. This enables printing to be done on various metal and non-metal materials.

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7. BUSINESS OVERVIEW (cont'd)**(b) Plastic injection moulded parts manufacturing**

Technology	Description
Plastic injection moulding	The plastic injection moulding process involves a plastic injection moulding machine, raw plastic material (i.e., plastic resin) and a custom mould according to the design and specification of the product required. The plastic injection moulding process is carried out by melting the plastic resin which is injected into the mould in the plastic injection moulding machine. The product is then formed when the molten plastic cools and solidifies.
Silk screen printing	A printing technology where a silk mesh is used to support an ink-blocking stencil. The silk mesh is stretched across a frame, usually wooden and placed on the printing surface. The frame with the silk mesh will be filled with a layer of ink and scraped across with a rubber scraper to push the ink through the permeable parts of the mesh onto the printing surface forming a sharp-edged image.
Tampo printing	A printing technology where inked image from a printing plate is transferred onto irregular or non-flat surfaces in various shapes using a flexible silicone pad. Due to high amount of elasticity of the flexible silicone pad, it enables printing to be done on irregular or non-flat surfaces in various shapes. This enables printing to be done on plastic injection moulded parts.

7.12 SEASONALITY AND CYCLICALITY

Our activities are not significantly affected by seasonal or cyclical effects. Therefore, we are not subject to any seasonal or cyclical demand for our nameplates and plastic injection moulded parts.

7.13 INTERRUPTIONS TO BUSINESS AND OPERATIONS**Impact of the outbreak of the Covid-19 and MCO on our Group's business operations**

In view of the outbreak of Covid-19 in early 2020, many countries have imposed mandatory movement and business operations restrictions in containing the spread of the virus, which has halted economic and business activities in countries affected, including the operations of VNP and VTT.

The quarantine in Wuhan city which was then extended to several other cities in China and the extension of the Lunar New Year 2020 holiday in China due to the Covid-19 (e.g., from 23 January 2020 to 14 February 2020) caused a disruption to our operations resulting in VNP recording lesser orders due to the closure of one of our major customers', (namely HP) OEM in China and has also delayed the shipment of our nameplates products to them. The nameplates products were temporarily stored at our factory in Perai, Penang at no additional costs to VNP. As at 31 December 2020, we have completed the shipment of the nameplates products without any imposition of penalty by our customers to VNP for late delivery. Nevertheless, the disruption arising from the closure of HP's OEM in China due to lockdown in China has resulted in VNP recording lesser orders during the aforesaid period.

7. BUSINESS OVERVIEW (*cont'd*)

In Malaysia, the government's imposition of the MCO nationwide from 18 March 2020 to 3 May 2020, as a measure to curb the spread of Covid-19 has halted most economic activities in Malaysia, including the operations of VNP.

The operations of VNP was halted from 18 March 2020 to 3 April 2020. With the approval from MITI dated 3 April 2020, we resumed operations of VNP at 50% of our workforce capacity on 6 April 2020 in compliance with the SOP required by MITI.

Subsequently, following the announcement by MITI on 28 April 2020 where economic sectors that have been allowed to operate during the MCO are allowed to fully increase their operating capacity from 29 April 2020, VNP's operation resumed to full capacity on 30 April 2020.

The temporary full and partial closure during the MCO had affected our operations as follows:

- (i) Delay in the production of our products. The MCO halted most economic activities, hence there had been delays in production which led to delays in deliveries of our products. Since the full resumption of VNP's operation, VNP has been working towards fulfilling backlog orders arising from the disruption due to the MCO. As at 31 December 2020, we have fulfilled all the aforesaid orders by operating overtime and simplifying certain manufacturing processes such as undertaking sampling for their products for quality control. We do not expect further delays in our production progress from our initial production schedule other than during the disrupted period (i.e., 18 March 2020 - 29 April 2020) under the MCO. As at the LPD, there are no cancellation of orders.
- (ii) Limitations in carrying out face-to-face communication with our customers to promote and market our Group's products and services. Nevertheless, our sales and marketing team had continued to provide quotations to our customers via telephone and electronic mail messages. Our sales and marketing team had also utilised our corporate websites for its marketing activities. With the assistance of our factory in Rayong, Thailand, we were able to manufacture and deliver the sample products to our customers for approval.

In Thailand, the government has also declared a State of Emergency which provides the government with the authority to impose curfews, restrictions on movements of goods, livestock and persons, closures, suspension, or restrictions in operating hours of certain business activities, prohibition or restrictions on certain non-commercial activities, for the purpose of preventing the spread of communicable disease. This State of Emergency was announced and entered into effect on 26 March 2020, and has since been extended to 31 March 2021. Several rounds of easing measures were announced between 1 May 2020 and up until the LPD, whereby there have been several relaxations of prohibitions or limitations on conducting or carrying out certain activities. For the operations of VTT, the Ministry of Industry of Thailand has issued control measures for businesses to observe. However, manufacturing facilities and offices are not prohibited to operate. Thus, operations of VTT was not affected as manufacturing factories in Thailand are allowed to operate during the period of the State of Emergency while complying with the control measures issued by the Ministry of Industry of Thailand. Over the period of the declared State of Emergency, VTT continued to carry out manufacturing activities following the implementation of control measures issued by the Ministry of Industry of Thailand.

Notwithstanding the above, some of VTT's customers have implemented between one (1) to two (2) weeks of voluntary closure in April 2020 as precautionary measures. The closure of our customers' operations (i.e., 6 April 2020 - 17 April 2020) had led to delays in delivery of our finished products. These finished products were temporarily stored at our factory in Rayong, Thailand. As at 31 December 2020, we have delivered the products and fulfilled the orders when our customers resumed operations. Nevertheless, the disruption arising from the voluntary closure of our customers in Thailand and a general decline in demand due to the Covid-19 pandemic has resulted in VTT recording lesser revenue.

7. BUSINESS OVERVIEW (cont'd)

Given that our Group has manufacturing facilities of nameplates in Malaysia and Thailand, the dual geographical presence allows for the continuity of our Group's business operations where the manufacturing of nameplates can be carried out from any one location to an extent depending on the production capacities of our respective factories in the event that the operations of either factory is disrupted. For instance, during the MCO period in Malaysia, our factory in Rayong, Thailand had assisted in manufacturing and delivery of sample nameplates to our customers for approval. Notwithstanding the above, there were certain backlog orders arising from the MCO for nameplates totalling approximately RM0.27 million as there was a limitation in the manufacturing facilities in Thailand in terms of the required raw materials, moulds and toolings to be used based on the customers products specification which these were only available in the factory in Penang at that point in time. As at 31 December 2020, we have fulfilled all backlog orders by operating overtime and simplifying certain manufacturing processes such as undertaking sampling for their products for quality control. Please refer to Section 7.10.3 of this Prospectus for the material plant and equipment in VNP and VTT respectively.

As at the LPD, our Group has not experienced disruptions in the supply of raw materials or additional processes by our local subcontractors arising from the imposed mandatory movement and business operations restrictions due to Covid-19 as we have a buffer inventory of the required raw materials and materials from our subcontractors to support our production.

In addition, our Group has established an Emergency Response Protocol committee to oversee the adherence of infection control measures based on the guidelines and SOP issued by MITI. The precautionary measures include amongst others: -

- (i) Entrance of factory or guard house
 - (a) Provision of thermal scanner, hand sanitiser, face masks and gloves;
 - (b) Body temperature of every employee and visitor to be taken upon entry into our premises and the readings of temperature are recorded, together with the contact details of visitors to be kept for reference;
 - (c) Continuous monitoring of health symptoms of employees;
 - (d) Set up of disinfection booth at the guard house; and
 - (e) Display of flow chart of infectious disease prevention protocol at the entrance of the factory.
- (ii) Lobby and common areas
 - (a) Provision of hand sanitiser;
 - (b) Promote importance of personal hygiene in workplace, such as regular hand-washing;
 - (c) Reminder for employees to practise social distancing;
 - (d) Clean and disinfect common areas three (3) times daily;
 - (e) Clean and disinfect company vans after each usage;
 - (f) Implement alternate break time to prevent overcrowding in factory canteen; and
 - (g) Employees are required to sit at least one (1) metre apart from each other whilst eating and to avoid all contact.
- (iii) Factory including offices and production floor
 - (a) Provision of hand sanitiser;
 - (b) Promote importance of personal hygiene in workplace, such as regular hand-washing;
 - (c) Implement social distancing via workstation rearrangement;
 - (d) Requiring employees to wear face masks within the VNP's premises and production floor;
 - (e) Provision of staff briefing on SOP to adhere to; and
 - (f) Requiring heads of departments to be responsible in monitoring and supervising employees to ensure compliance to the SOP.

7. BUSINESS OVERVIEW (cont'd)

In addition to the above, our Group has implemented the necessary SOP in the event any of our employees is suspected/has been infected with Covid-19. The affected employee shall be requested to leave the workplace if he/she is unwell to seek a medical assessment and practise self-quarantine. Subsequently, we will follow-up closely on the result of the medical assessment.

In the event of a confirmed case of Covid-19 infection, we will immediately arrange all our employees to undergo Covid-19 testing and will impose at least a fourteen (14) day period of self-quarantine. We will bear all medical fees related to Covid-19 testing and treatment for our employees. During the quarantine period, all staff remuneration will be paid as usual. As such, our business operations may be suspended temporarily and our financial condition may be adversely affected.

We have also complied with the mandatory screening of foreign employees. All our foreign employees had, on 15 December 2020 undergone the Covid-19 screening and none of them are infected. As at the LPD, there are no suspected or confirmed cases of Covid-19 among our employees.

Save for the temporary closure of operations of VNP in Malaysia during the MCO period and the condition imposed to reduce our employees to a minimum level for the operations or to reduce approximately 50% of our operations workforce, we have not experienced any interruption in business which had a significant effect on our operations during the twelve (12)-month period prior to the date of this Prospectus.

In view of the increasing number of Covid-19 cases in several states in Malaysia, the Government has re-imposed the MCO and conditional MCO in most of the states and federal territories for different durations between 13 October 2020 and 18 February 2021. On 16 February 2021, the Government announced an extension of the MCO for the states of Selangor, Johor and Penang and the Federal Territory of Kuala Lumpur from 19 February 2021 until 4 March 2021. On 2 March 2021, the Government announced that the MCO for the states of Selangor, Johor and Penang and the Federal Territory of Kuala Lumpur will be lifted and these states will be placed under the conditional MCO from 5 March 2021 to 18 March 2021. However, as VNP was allowed to operate with full capacity in compliance with the SOP required by MITI during the period of second phase of MCO and conditional MCO, there were no interruptions in VNP's operations and financial performance up to the LPD.

For the FYE 2020, we have incurred additional costs of approximately RM100,000 for implementing the precautionary measures which includes the purchase of face masks, gloves, relevant sanitising products and thermometers.

As at 31 December 2020, our Group's cash and cash equivalents stood at RM8.44 million. Taking into consideration our existing available liquid funds and that we have resumed our operations, we do not foresee any circumstances which may materially affect our liquidity.

Moving forward, we expect our financial condition to remain positive in tandem with our prospects in end-user industries especially E&E. According to the IMR Report, the outbreak of the Covid-19 has boosted the demand for laptops and computers as large proportions of the global workforce have migrated from the office to working from home, and students are also studying from home through online classes. Further, as the impact of the Covid-19 pandemic subsides or ends, the global E&E industry is expected to recover in 2021. The anticipated growth in the global E&E industry, supported by the increase in demand for laptops and computers are therefore, expected to support the demand for nameplates and plastic injection moulded parts moving forward.

7. BUSINESS OVERVIEW (cont'd)

7.14 RESEARCH AND DEVELOPMENT

We recognise the importance of R&D in ensuring us to remain competitive to sustain the continuous growth of our business. Our R&D efforts are focused on researching and developing methods to carry out customised modifications on our machinery purchased as the commercial-off-the-shelf machines are not able to meet all manufacturing requirements. Thus, our R&D team has to carry out R&D to develop modifications to customise these machines to meet our manufacturing requirements in terms of designs and materials of products and/or methods to automate our manufacturing processes. Our R&D policy focuses on the following: -

- (i) continuous development of production process to achieve higher efficiency in terms of time and cost; and
- (ii) build on strengths, competencies and knowledge of our manufacturing processes.

Resulting from our R&D efforts, we have successfully researched and developed improvements to our manufacturing processes such as manual silk screen printing process to fully-automated silk screen printing process. We also successfully researched and developed modifications to customise our laser cutting machines to achieve high precision cutting, enabling us to refine our product finishing through cutting/shaping of complex geometries and patterns, and on metal and non-metal materials of various thickness without deformation.

The injection moulding process involves inserting plastic resins into an injection moulding machine which will then inject the melted plastic resins into the mould. The plastic injection moulded part is then released from the metal mould onto a conveyor where it will undergo a cooling process. There is no variation to the manufacturing processes required to manufacture different sizes of plastic injection moulded parts. To manufacture larger sized plastic injection moulded parts, plastic injection moulding machines of higher tonnages are required. Conversely, to manufacture smaller sized plastic injection moulded parts, plastic injection moulding machines of lower tonnages are required. As such, we do not carry out R&D on the manufacturing processes for our plastic injection moulded parts.

Details of our R&D efforts are as follows: -

R&D efforts	Year of completion
<p>Upgraded conventional metal stamping process using belt/mechanical stamping method to a hydraulic stamping system</p> <p>Conventional metal stamping process involves the use of belt/mechanical stamping machines where a motor is used to rotate the belt to produce mechanical force to perform the stamping action whereas hydraulic stamping system involves use of hydraulic stamping machines with pressurised hydraulic fluid to apply force to perform the stamping action. Hydraulic stamping machines have stronger and more consistent force (i.e., 25 tonnage, 30 tonnage and 110 tonnage) for stamping as compared to belt/mechanical stamping machines (i.e., 8 tonnage and 15 tonnage). Stronger and more consistent force for stamping enables higher accuracy and consistency in outputs from the stamping processes.</p> <p>In addition, as hydraulic stamping machines have stronger and more consistent pressing force, we have researched and developed methods to use larger moulds, tools and dies to perform stamping processes concurrently as compared to separate stamping processes using belt/mechanical stamping machines. Further, the hydraulic stamping machines possess a safety stop feature which automatically stops the press cycle in the event of machine malfunction or human errors, and in which the belt/mechanical stamping machines do not possess.</p>	2002

7. BUSINESS OVERVIEW (cont'd)

R&D efforts	Year of completion
<p>Manual silk screen printing process to fully-automated silk screen printing process</p> <p>We upgraded our manual silk screen printing process to fully-automated silk screen printing process with the purchase of fully-automated silk screen printing machines to replace our manual silk screen printing machines. We researched and developed modification on the automated silk screen printing machines for integration with the oven for drying process where the printing surface is auto-fed into the oven for drying after printing. In addition, we also researched and developed modification for auto-feeding of the printing surface into the automated silk screen printing machine and auto-collection after the drying process in the oven. For manual silk screen printing process, ink is pushed through permeable parts of the mesh onto the printing surface using manual labour where manual strength and pressure are inconsistent whereas this process is automated in the fully-automated silk screen printing process. Fully-automated silk screen printing process facilitates higher consistency printing as the amount of pressure applied to push the ink through the permeable parts of the mesh is consistent.</p>	<p>2004</p>
<p>Laser cutting method to achieve high precision cutting, enabling us to refine our product finishing through cutting/shaping of complex geometries and patterns, and on metal and non-metal materials of various thickness without deformation</p> <p>We purchased our first laser cutting machine in 2013 and introduced the laser cutting method in the production of our nameplates.</p> <p>Further, over the years, we researched and developed modification on the laser cutting machine to achieve higher efficiency by replacing some of the manufacturing processes such as lamination, cutting, punching and stamping (i.e., blanking and die-cutting) which were previously performed using separate machines. This reduces movement of semi-finished products and time required to manually feed semi-finished products from one machine to another.</p>	<p>2014 to 2017</p>
<p>Continuous re-engineering of the manufacturing process involving laser cutting machines for metal and non-metal nameplate: -</p> <p>We continuously carried out research and development on the methods for modification of our laser cutting machines in terms of laser wavelength and power, energy efficiency, beam formation and divergence to improve the accuracy of high-precision cutting as well as to achieve higher energy efficiency for both metal and non-metal nameplates. As the raw materials used for metal and non-metal nameplates differ in properties such as hardness, different laser wavelength and power, beam formation and divergence are required to cut or shape complex geometries and patterns without deformation.</p>	<p>Continuous and on-going</p>

Our R&D expenditure includes expenditure on R&D staff cost, tools, equipment, materials and consumables leading to the development of new manufacturing processes and products. Our Group allocates 1.00% of our total revenue for R&D expenditure in our annual budget. Our R&D expenses during the past three (3) FYE 2018 to FYE 2020, including expenses that have led to the development of our current products are set out below: -

7. BUSINESS OVERVIEW (cont'd)

FYE	R&D expenditure (RM' 000)	R&D expenditure over our Group's total revenue %
2018	416	0.71
2019	432	0.77
2020	473	0.90

We have a dedicated R&D team of seven (7) personnel headed by Yeap Guan Seng, based in our factory in Perai, Penang. Our R&D team comprise our production manager, assistant production manager, three (3) R&D technicians, senior R&D assistant as well R&D assistant who possess the technical know-how and have well-developed practical skills and experience ranging from two (2) to twenty-one (21) years in manufacturing of nameplates. Our R&D team members do not possess engineering or professional qualifications.

Among our on-going R&D efforts include enhancing the production cycle time for the laser cutting machines, improvement in the design and manufacturing processes of nameplates as well as improvement in printing processes to facilitate multi-colour printing.

7.15 EMPLOYEES**7.15.1 Category of Employees**

In FYE 2020, our Group has an average total of 334 permanent employees (including our Executive Directors). Our Group has not encountered any major turnover in our workforce.

The detailed breakdown of our Group's employees in average for the FYE 2020: -

Category	Average no. of employees		
	FYE 2020		
	VNP	VTT	Total
Executive Director/Chief Financial Officer	5	-	5
Engineering	9	6	15
Manufacturing	80	133	213
Quality Assurance	30	19	49
Finance and Administration	5	7	12
Sales and Marketing	8	9	17
Purchasing and Logistic	3	12	15
General workers	4	4	8
Total	144	190	334

None of our employees belong to any labour union. The relationship and cooperation between our management and our employees have always been good and this is expected to continue in the future. The Group is in compliance with statutory minimum wage, EPF and SOCSO statutory contributions in relation to its employees. As at the LPD, there has been no industrial dispute pertaining to our employees.

In FYE 2020, VNP employed an average of 53 foreign workers from Nepal and Vietnam and VTT employed an average of 187 Thai workers and three (3) Malaysian workers. Our Directors have confirmed that all the foreign employees have valid working permits and are not in breach of any immigration laws.

In addition to the above, as at LPD, we also have 73 outsourced Malaysian workers which are provided by a labour agency company which are hired on a monthly basis and are not under the employment of the Group.

7. BUSINESS OVERVIEW *(cont'd)*

7.15.2 Management Succession Plan

The management of our Group recognises the importance of succession planning for business continuity, and maintaining the level of our competencies and competitiveness in the industry. In view thereof, our Group has taken the appropriate steps to ensure the implementation of succession planning in every department.

We encourage senior management to groom the lower and middle management staff, who will be groomed to gradually assume higher responsibilities. In addition, the middle management are continually involved in various operations of the company, and actively participate in the discussion for decision-making to ensure better understanding of the operations and to equip themselves with the necessary knowledge and skills to succeed in senior management roles. In addition, we have offered a competitive remuneration and employee benefits to our employees. The employees who outperform the key performance indicator will be additionally rewarded such as performance bonus, increment or ESOS Options to be granted on a reasonable basis. This forms part of our employees' career development plan.

Our Board is involved in the process of reviewing the potential successor's readiness, and in identifying key competencies and requirements for managerial and key senior positions for succession planning. Appropriate job functions and candidate profiles are reviewed and matched for management positions, in line with our business goals, strategies and culture. As part of our Group's management succession plan, we have identified middle management personnel across our Group to facilitate skills transfer so as to ensure smooth running and continuity of the operations of our Group.

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7. BUSINESS OVERVIEW (cont'd)

7.16 MAJOR CUSTOMERS

Our Group's top five (5) major customers for the past three (3) FYE 2018 to FYE 2020 are as follows: -

Customers	FYE 2018		Products Sold	Country of Operation	Length of Relationship Years as at the LPD
	(RM'000)	(%)			
Donaldson Thailand Fisher & Paykel Thailand HP (i)	37,094	63.25	Plastic injection moulded parts Nameplates and plastic injection moulded parts Nameplates Plastic injection moulded parts Nameplates and plastic injection moulded parts	Thailand	9
Bernina (Thailand) Co. Ltd	2,087	3.56		Thailand	13
Electrolux Thailand	6,416	10.94		Singapore	19
Sub-total	45,597	77.75		Thailand	11
Other sales	13,052	22.25		Thailand	12
Total sales	58,649	100.00			
Customers	FYE 2019		Products Sold	Country of Operation	Length of Relationship Years as at the LPD
	(RM'000)	(%)			
Donaldson Thailand Fisher & Paykel Thailand HP (i)	30,954	55.39	Plastic injection moulded parts Nameplates and plastic injection moulded parts Nameplates Plastic injection moulded parts Nameplates and plastic injection moulded parts	Thailand	9
Bernina (Thailand) Co. Ltd	2,651	4.74		Thailand	13
Beko Thai Co., Ltd.	3,220	5.76		Singapore	19
Sub-total	36,825	65.89		Thailand	11
Other sales	19,067	34.11		Thailand	5
Total sales	55,892	100.00			

7. BUSINESS OVERVIEW (cont'd)

Customers	FYE 2020		Products Sold	Country of Operation	Length of Relationship Years as at the LPD
	(RM'000)	(%)			
Donaldson Thailand Fisher & Paykel Thailand HP (i)	30,248	57.59	Plastic injection moulded parts Nameplates and plastic injection moulded parts Nameplates	Thailand Thailand Singapore	9 13 19
Bernina (Thailand) Co., Ltd. Beko Thai Co., Ltd.	3,196 3,062	6.08 5.83	Plastic injection moulded parts Nameplates and plastic injection moulded parts	Thailand Thailand	11 5
Sub-total	36,506	69.50			
Other sales	16,021	30.50			
Total sales	52,527	100.00			

Note: -

For information purposes, the sequence of the names appearing above is not based on ranking of revenue contribution to the Volcano Group.

(i) HP has been our major customer for the past nineteen (19) years. All our sales with HP are transacted based on purchase order basis and we do not have any long-term contracts with HP. We have undergone selection process before becoming an approved nameplates supplier to HP. The Volcano Group is dependent on HP as HP has contributed between 40% to 50% to the total revenue of the Volcano Group for each of the past three (3) FYE 2018 to FYE 2020. However, the revenue contribution from HP has been on a declining trend for the Financial Years Under Review. Our revenue from HP declined by 13.57% in FYE 2018, 16.59% in FYE 2019 and 1.40% in FYE 2020 due to the change of sales mix towards non-metal nameplates under the cost cutting control measures of HP which has affected the Group's revenue and profitability.

As at LPD, our Group does not have any long-term contracts with our major customers. Our sales are on purchase order basis.

Apart from HP, our Group is also dependent on Donaldson Thailand and Fisher & Paykel Thailand as they have been amongst our top five (5) major customers of the Group for the Financial Years Under Review and a major contributor to the Group's revenue. Collectively, the three (3) major customers have contributed a total of between 55.39% to 63.25% of the Group's revenue during the Financial Years Under Review. We have maintained a long and mutually beneficial relationship with them over the years and this has provided our Group with a strong platform for future growth.

However, if any of our major customers and in particular HP reduces their order for our products significantly or if they choose not to be our customer, our Group's financial results will be adversely affected if we are not able to quickly address the decrease in revenue.

Although our top five (5) major customers contributed a major portion of our Group's revenue during the Financial Years Under Review, we have a diversified customer base of more than 100 customers from various end-user industries such as E&E and automotive.

7. BUSINESS OVERVIEW (cont'd)

The total number of customers which has transacted with our Group for the Financial Years Under Review is as follows: -

	FYE 2018	FYE 2019	FYE 2020
Total Number of customers	151	206	189

The total number of repeat/regular customers which has transacted with our Group for the Financial Years Under Review is as follows: -

	FYE 2018	FYE 2019	FYE 2020
Total Number of repeat/regular customers*	115	138	156

Note: -

* *Repeat/regular customers refer to customers which have transacted with the Group before the aforesaid financial year.*

The years of relationship with our repeat/regular customers ranges between five (5) to nineteen (19) years for the Financial Years Under Review.

In addition, we also intend to improve the efficiency and capabilities of our nameplate manufacturing process as described in Section 7.20.1(a) of this Prospectus and expand our plastics manufacturing business as described in Section 7.20.1(b) of this Prospectus. This is expected to enhance our product offerings and broaden our customer base as it provides us with the flexibility and production capacity to manufacture and sell our products to our existing customers and potential new customers, which is expected to reduce our sales concentration risk on our major customers.

However, there is no assurance that such endeavours will be successful or if we are successful in securing other customers, we may not be able to achieve the same level of profit margins that we achieved during the Financial Years Under Review.

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7. BUSINESS OVERVIEW (cont'd)

7.17 MAJOR SUPPLIERS

Our Group's top five (5) major suppliers for the past three (3) FYE 2018 to FYE 2020 are as follows: -

Suppliers	FYE 2018		Products Sourced	Country of Operation	Length of Relationship Years as at the LPD
	(RM'000)	(%)			
Chuang Xin Gao Technology HK Limited	3,702	13.47	Sheet metal	Hong Kong	5
Fuku Tech Trading	1,885	6.86	Surface treatment service	Malaysia	5
Gernise Global Pte. Ltd	1,843	6.71	Thermoplastic sheet	Singapore	7
Mitsui & Co., (Thailand) Ltd	1,747	6.36	Resin	Thailand	3
Liack Seng Trading Co.	1,112	4.05	Resin	Thailand	10
Sub-total	10,289	37.44			
Other purchases	17,193	62.56			
Total purchases	27,482	100.00			
Suppliers	FYE 2019		Products Sourced	Country of Operation	Length of Relationship Years as at the LPD
	(RM'000)	(%)			
Lesun (HK) Technology Company Limited	2,071	9.24	Sheet metal	Hong Kong	3
Mitsui & Co., (Thailand) Ltd	1,860	8.30	Resin	Thailand	3
Gernise Global Pte. Ltd	1,390	6.20	Thermoplastic sheet	Singapore	7
Chuang Xin Gao Technology HK Limited	1,296	5.78	Sheet metal	Hong Kong	5
Polymer Solution Co., Ltd	935	4.17	Resin	Thailand	7
Sub-total	7,552	33.69			
Other purchases	14,865	66.31			
Total purchases	22,417	100.00			

7. BUSINESS OVERVIEW (cont'd)

Suppliers	FYE 2020		Products Sourced	Country of Operation	Length of Relationship Years as at the LPD
	(RM'000)	(%)			
Lesun (HK) Technology Company Limited	1,978	8.80	Sheet metal	Hong Kong	3
Tesa Tape Industries (M) Sdn Bhd	1,572	6.99	Adhesive	Malaysia	14
Germise Global Pte. Ltd	1,398	6.22	Thermoplastic sheet	Singapore	7
Mitsui & Co., (Thailand) Ltd	1,335	5.94	Resin	Thailand	3
KIJ Excellence Titanium Sdn Bhd	1,264	5.62	Surface treatment service	Malaysia	9
Sub-total	7,547	33.57			
Other purchases	14,935	66.43			
Total purchases	22,482	100.00			

Our Group is not dependent on any of our major suppliers as the raw materials that we use are readily available and can be sourced from both local and foreign suppliers, including suppliers specified by our customers. In the FYE 2020, VNP sourced 59.73% of its purchases locally in Malaysia and the remaining 40.27% from overseas whilst VTT sourced 76.36% of its purchases locally in Thailand and the remaining balance of 23.64% from overseas.

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7. BUSINESS OVERVIEW (cont'd)

Our purchases from these major suppliers comprise metal and non-metal raw materials as well as services for additional processes. We have not faced any material supply disruption or delays by our major suppliers.

Our suppliers are selected based on pricing, manufacturing capabilities, range and technical specifications of raw materials, ability to meet our quality requirements and ability to deliver in a timely manner.

We engage local subcontractors for additional processes such as surface processing.

7.18 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

The raw materials that we use are readily available and sourced from local and foreign suppliers, including suppliers specified by our customers. Thus far, we have not experienced any material shortages in sourcing these materials for our operations. In addition, we have not experienced any major fluctuations in prices of our raw materials that have materially affected our financial position. We also engage local subcontractors for additional processes such as surface processing.

We generally take into account supplier lead times to prevent potential major disruptions to our production. We have developed policies and procedures that guide our selection of suppliers. All selected suppliers are evaluated in terms of pricing, manufacturing capabilities, range and technical specifications of raw materials, ability to meet our quality requirements and ability to deliver in a timely manner.

Amongst the raw materials used by our Group are stainless steel sheet, aluminium sheet, thermoplastic sheet, resin, adhesive tape and ink. The breakdown of the purchases by our Group together with their respective sources of supplies for the FYE 2020 are as follows: -

Type of materials	Country of origin/ imported from	FYE 2020	
		Value of purchases (RM'000)	Total purchases of our Group (%)
<u>Metal</u>			
Stainless steel sheet	China, Hong Kong, Taiwan, Japan	2,401	10.68
Aluminium sheet	China, Hong Kong, Taiwan, Japan	1,688	7.51
<u>Non-metal</u>			
Resin	Thailand, Korea, Germany, Switzerland, China, New Zealand	6,167	27.43
Thermoplastic sheet	China, Hong Kong, Taiwan, Singapore, USA, Thailand, Malaysia	3,046	13.55
<u>Others</u>			
Parts/components for assembly (hardener, cap, net, filter)	Thailand, China, Japan, Germany, Switzerland, Singapore, Malaysia	2,512	11.17
Additional process (printing/surface processing/slitting)	China, Singapore, Malaysia	2,682	11.93
Adhesive tape	Malaysia, Thailand, Singapore	2,325	10.34

7. BUSINESS OVERVIEW (cont'd)

Type of materials	Country of origin/ imported from	FYE 2020	
		Value of purchases (RM'000)	Total purchases of our Group (%)
Tool (tool/die/stencil/plate/film)	Thailand, China, Malaysia	358	1.59
Ink/solvent	Thailand, Taiwan, Malaysia	769	3.42
Packaging material/others (foam)	Malaysia, Thailand	366	1.63
Label/sticker/logo	Taiwan, China, Malaysia	168	0.75
Total		22,482	100.00

7.19 COMPETITIVE STRENGTHS

We believe that our historical successes and future prospects are underpinned by the following competitive strengths: -

(a) We manufacture products that support the development in end-user industries, in particular E&E and automotive

Our manufacturing of nameplates and plastic injection moulded parts allow us to offer our products to support the development in manufacturing industries, such as E&E and automotive.

E&E industry

According to the IMR Report, the global E&E industry grew at a CAGR of 3.38% from EUR4.22 trillion (or equivalent to RM20.46 trillion based on average annual exchange rates in 2017 at EUR1 = RM4.8530) in 2017 to EUR4.51 trillion (or equivalent to RM20.91 trillion based on average annual exchange rates in 2019 at EUR1 = RM4.6378) in 2019. The global household appliances and consumer electronics segments, being key end-user industries of nameplates and plastic injection moulded parts, registered CAGRs of 2.25% and 3.48% respectively during this period.

Nevertheless, in view of the outbreak of the Covid-19 virus in 2020, the global E&E industry is estimated to have declined in 2020. The International Monetary Fund ("IMF") estimated world GDP growth in 2020 to have declined by -4.4%, indicating adverse economic conditions for the year which has affected businesses, employment and consumer purchasing power. As consumers became more cautious with spending, it has negatively impacted the demand for E&E products and in turn may have affected the demand for nameplates and plastic injection moulded parts in 2020.

Notwithstanding the negative impacts arising from the Covid-19 pandemic, the outbreak of the Covid-19 has led to many countries implementing mandatory lockdowns to curb the spread of the virus, which has boosted the demand for laptops and computers as large proportions of the global workforce have migrated from the office to working from home, and students are also studying from home through online classes. Further, as the impact of the Covid-19 pandemic subsides or ends, the global E&E industry is expected to recover in 2021. The anticipated growth in the global E&E industry, supported by the increase in demand for laptops and computers are therefore, expected to support the demand for nameplates and plastic injection moulded parts moving forward.

7. BUSINESS OVERVIEW (cont'd)

Automotive industry

Global production of motor vehicles which had been growing every year from 61.76 million units since 2009, registered a negative CAGR of 2.52% from 96.59 million units in 2017 to 91.79 million units in 2019, mainly attributed by the disruptions caused by new emission standards in Europe and China as well as a decline of demand in China resulting from higher taxes and tighter regulations on peer-to-peer lending in 2019. However, the effects of these factors on the global production of motor vehicles are expected to be temporary, when adjustments on production to reduce the emission of motor vehicles to comply with these new emission standards are completed, and impact of higher taxes and tighter regulations subsides in China. Thailand, as one of the principal markets for Volcano Group's products, experienced an increase in motor vehicle production during the same period, from 1.99 million units to 2.01 million units, registering a CAGR of 0.50%.

According to the IMR Report, the outbreak of the Covid-19 has caused affected countries to impose mandatory movement and business operations restrictions to contain the spread of the virus. This has, and may continue to, temporarily disrupt the demand for nameplates and plastic injection moulded parts as production of motor vehicles were delayed or completely halted. Further, logistics networks around the world has faced disruptions due to closure of airports and other transportation hubs, which may have caused delays in delivery of nameplates and plastic injection moulded parts to the automotive industry. In addition, demand for motor vehicles may have been dampened as a result of the adverse economic conditions in 2020, as consumers were more cautious in their spending which consequently may have affected the demand for nameplates and plastic injection moulded parts in the automotive industry.

Nevertheless, as motor vehicles are one of the main modes of transportation globally, the production of motor vehicles is expected to grow over the long term, when global supply chains resume, economic conditions recover and the impact of the Covid-19 pandemic subsides or ends. As the production of motor vehicles increase, it is expected to continue to support the demand for nameplates and plastic injection moulded parts.

Our prospects will generally be in tandem with end-user industries especially E&E and automotive, which has demonstrated development over the years. As we manufacture products that support the development in end-user industries, our Group is well-positioned to capitalise and leverage on further development in the end-user industries, including capturing future growth opportunities the industries may offer and enabling our Group to continue on our long-term growth and expansion.

(b) The manufacturing operations for both nameplates and plastic injection moulded parts are housed together at our factory in Rayong, Thailand

We offer manufacturing of nameplates and plastic injection moulded parts, which is an element of parts and components manufacturing within the manufacturing value chain to form end-user products. We are able to manufacture both nameplates and plastic injection moulded parts for our customers in one location, as our factory in Rayong, Thailand has the required machinery and equipment as well as labour resources to manufacture both nameplates and plastic injection moulded parts. With this, we are also able to assemble our manufactured nameplates onto our manufactured plastic injection moulded parts as a final product to our customers.

Having the manufacturing operations for both nameplates and plastic injection moulded parts in one location will enable our customers to source both the nameplates and the plastic injection moulded parts from us. As we are also able to assemble our manufactured nameplates on our manufactured plastic injection moulded parts, we are able to be a one-stop solution provider for the customers that require both nameplates and plastic injection moulded parts.

7. BUSINESS OVERVIEW (cont'd)

(c) We offer a wide range of methods in manufacturing nameplate

We offer various methods in manufacturing both metal and non-metal nameplates, comprising laser cutting and stamping processes which include blanking, forming, forging, deep drawing, embossing, debossing and die-cutting, as well as various printing methods such as silk screen printing, tampo printing and offset printing. There are other types of methods in manufacturing nameplates in the industry such as nickle plating, electroforming and etching, which we do not manufacture as these methods are using chemical-based processing methods.

During product development, we will provide suggestions in terms of type of material, design and surface finishing to cater for the different level of tolerance to heat and humidity required by our customers. As an illustration, for computers, customers may require nameplates to be attractive as the nameplates showcase our customers' brand or logo, thus metal nameplates would be of a superior choice in terms of the metallic properties over non-metal nameplates. We can also provide surface finishing based on the level of scratch resistance required by our customers. In addition, nameplates for outdoor use such as on automotive vehicles will require nameplates that are durable and have high level of tolerance to environmental factors such as heat and humidity as well as high level of scratch resistance. Nameplates for products used in indoor environment such as home and office may not require the same properties as nameplates on products used in outdoor environment.

We are able to offer various types of nameplate manufacturing methods to meet multiple end-user industry requirements and the varied specifications of our customers. With this, we can market ourselves to customers across many industries, thereby creating diversified growth opportunities for our Group's future expansion.

(d) We have a strong portfolio of international brands and multinational customers

Over approximately 90.08% of our customers, in terms of orders for nameplates and plastic injection moulded parts secured by us during the Financial Years Under Review, are either foreign-based or owned by MNCs/public listed companies. Our customer portfolio of MNCs which include, amongst others, Hewlett Packard, Fisher & Paykel Thailand, Donaldson Thailand, Sharp Indonesia and Panasonic Thailand.

These customers typically have selection processes for suppliers or contractors, including our Group, where they will carry out detailed assessments on suppliers/contractors to ensure that the suppliers/contractors selected possess the relevant experience and credentials.

Our success in securing orders from our customers, and retaining many of these customers as repeat customers, demonstrates our capabilities in complying with the requirements set by them and is a testament to our track record, product quality and manufacturing expertise. This will further contribute to our growing credentials and strengthen our reputation as a reliable manufacturer of nameplates and plastic injection moulded parts.

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7. BUSINESS OVERVIEW (cont'd)**(e) We have a team of experienced and committed key senior management personnel**

We have a team of experienced key senior management personnel with operational expertise and in-depth knowledge of manufacturing of nameplates and plastic injection moulded parts. Our Group Managing Director, Datuk Ch'ng Huat Seng, has thirty-eight (38) years of relevant experience and is responsible for overseeing the strategic growth and business direction of our Group.

Datuk Ch'ng Huat Seng is supported by the following key senior management personnel: -

<u>Name</u>	<u>Designation</u>	<u>Years of relevant working experience</u>
Gan Yew Thiam	Executive Director	32
Yeap Guan Seng	Executive Director	32
Dato' Wong Tze Peng	Executive Director	35
Khou Boo Wui	Executive Director/Chief	24
	Financial Officer	
Lim Kee Wei	QA Manager	23
Rajendran A/L Masilamany	Production Manager	23
Cheng Su Ying	Finance and Administration Manager	17

The knowledge and experience of our key senior management personnel in the manufacturing of nameplates and plastic injection moulded parts has contributed to our Group's expansion from a small nameplate manufacturer to a supplier to many established MNCs. The collective experience and knowledge of our key senior management personnel have been, and will continue to be, a foundation for our Group's success.

(f) We have long-standing business relationships with our customers and suppliers

Having been in the industry for over 20 years, we have developed our customer and supplier base. The relationships that we have established with our customers and suppliers will continue to support the future growth of our business.

The long-term business relationships that we have established with our existing customers have allowed us to develop our reputation in manufacturing of parts and components used in the E&E and automotive industries and simultaneously attract new customers through referrals from existing customers.

We have long-term business relationships ranging from five (5) years to nineteen (19) years with our major customers during the Financial Years Under Review as disclosed in Section 7.16 of this Prospectus.

Further, we recognise the importance of our suppliers and thus we maintain strong relationships with them. Our ability to build and maintain long-term relationships with our suppliers allow us to have access to raw materials in a timely manner.

We have business relationships ranging from three (3) years to fourteen (14) years with our major suppliers during the Financial Years Under Review as disclosed in Section 7.17 of this Prospectus.

7. BUSINESS OVERVIEW (*cont'd*)

7.20 BUSINESS STRATEGIES AND PROSPECTS

7.20.1 Business strategies

We intend to focus on the following business strategies for the future growth and expansion of our business: -

(a) We intend to improve the efficiency and capabilities of our nameplate manufacturing process through the purchase of additional laser cutting machines and pick and paste machines

We currently adopt two (2) nameplates manufacturing methods as described in Section 7.4.7 of this Prospectus, namely the stamping method and laser cutting method. As at the LPD, we have seventeen (17) units of laser cutting machines (fourteen (14) units at our factory in Perai, Penang and three (3) units at our factory in Rayong, Thailand) and one (1) unit of laser cutting machine is expected to be delivered by the second quarter of FYE 2021 which will be funded by our internally-generated funds. The laser cutting method enables us to achieve higher efficiency by replacing some of the manufacturing processes such as lamination, cutting, punching and stamping (i.e., blanking and die-cutting) which were previously performed using separate machines. This reduces movement of semi-finished products and time required to manually feed semi-finished products from one machine to another. The laser cutting machines also allow for high-precision cutting, enabling us to refine our product finishing through cutting/shaping of complex geometries and patterns, and on metal and non-metal materials of various thickness without deformation. This will enable us to fulfil orders with high-complexity designs and specifications with lower manufacturing defect. The laser cutting method cannot be achieved with stamping machines. Moving forward, we intend to further increase our capacity through the purchase of an additional six (6) units of laser cutting machines from the proceeds of our Public Issue for our factories in Perai, Penang.

As at the FYE 2020, our production capacity stood at 32,348,000 units per year with fourteen (14) units of laser cutting machines. We have purchased additional four (4) units of laser cutting machines using our internally-generated funds (of which two (2) units of laser cutting machines were delivered on 22 January 2021 and one (1) unit of laser cutting machine was delivered on 11 February 2021, whilst the remaining one (1) unit of laser cutting machine will be delivered by the second quarter of FYE 2021). With the additional four (4) units of laser cutting machines, the production capacity will be increased to 41,590,000 units per year representing an increase of 28.57% or 9,242,000 units.

The purchase of the additional six (6) units of laser cutting machines using the proceeds from our Public Issue will further increase our laser cutting production capacity by approximately 33.33% or 13,863,000 units from 41,590,000 units to 55,453,000 units per year.

With more laser cutting machines, we will be able to achieve higher efficiency in terms of manufacturing processes as the steps required to manufacture flat nameplates will be reduced as compared to the stamping method.

As the cutting process using laser cutting machine is automated and more precise, it is expected to yield more consistent production output with lower product rejection rate of approximately 0.33% in FYE 2020 (based on total number of rejected units produced using the laser cutting method in FYE 2020 against total production units produced using laser cutting method in FYE 2020) as compared to a product rejection rate of approximately 2.48% in the FYE

7. BUSINESS OVERVIEW (cont'd)

2020 under the stamping method (based on total number of rejected units produced using the stamping method in FYE 2020 against total production units produced using stamping method in FYE 2020) which is manually operated.

With simplification of lamination, cutting, punching and stamping processes, we are able to achieve lower manufacturing defects translating to lower product rejection rate thus reducing raw material wastages. This will enable us to have better cost control and savings for our Group. The Group will allocate approximately 280 sq. ft. of existing floor space at our factory in Perai, Penang to place the six (6) units of laser cutting machines.

While the utilisation rate of our stamping machines in the FYE 2020 was 46.96%, these machines are important to our nameplate manufacturing process as some of the manufacturing processes such as embossing and forming for non-flat nameplates can only be carried out using stamping machines as laser cutting machines cannot perform these processes. These stamping machines can also be used as additional capacity to complement our laser cutting machines when we have high influx of orders. This will give us more flexibility in production planning.

We also intend to automate processes involving manual labour of picking and pasting different components of our nameplates to form final nameplates that are outputs from the stamping machines via the purchase of five (5) units of pick and paste machines for our factory in Perai, Penang. These pick and paste machines will be used after the completion of stamping process. The five (5) units of pick and paste machines is expected to perform the picking and pasting process for 15 seconds per piece, as compared to 40 seconds per piece by manual labour. The Group will allocate approximately 420 sq. ft. of existing floor space at our factory in Perai, Penang to place the five (5) units of pick and paste machines.

The total cost of acquiring these six (6) units of laser cutting machines will be approximately RM3.55 million while the total cost of acquiring the five (5) units of pick and paste machines will be approximately RM2.00 million, which we intend to fund via proceeds from the Public Issue.

We expect the laser cutting machines and pick and paste machines to be purchased and installed within twenty-four (24) months of our Listing.

The acquisition of these new machineries is to increase automation with new technology and reduce our reliance on labour. It is expected to improve our manufacturing efficiency to facilitate our growth plans and strategies in expanding our clientele base in the existing industries we serve and in anticipation of securing customers from other industries.

We are proactively deploying automation technology via the purchase of additional laser cutting machines and pick and paste machines. In response to the implementation of social distancing as a result of the pandemic, these new machineries are expected to decrease the reliance of workers throughout their operations in our premises, to increase our capability to manage our operations remotely and minimise the disruption in our operations. This in turn is expected to ensure our business continuity in the event of an outbreak of any infectious disease.

7. BUSINESS OVERVIEW (cont'd)**(b) We intend to expand our plastic injection moulded parts manufacturing business with the purchase of additional plastic injection moulding machines**

As at the LPD, we have twenty-three (23) units of plastic injection moulding machines at our factory in Rayong, Thailand, with tonnages ranging from 25 MT to 800 MT. The combined total production capacity of the twenty-three (23) units of plastic injection moulding machines is 10,717,000 units per year in FYE 2020, with a utilisation rate of 67.40% in the FYE 2020.

We intend to acquire an additional five (5) units of plastic injection moulding machines ranging from 350 MT to 800 MT to expand our manufacturing capacity. The purchase of additional higher tonnage plastic injection moulding machines will also enable us to expand our manufacturing capacity to cater for larger plastic injection moulded parts.

Among the additional five (5) units of plastic injection moulding machines, two (2) new units of plastic injection moulding machines with higher tonnages of 350 MT and 380 MT respectively will replace our two (2) existing units of plastic injection moulding machines of 25 MT and 50 MT respectively purchased in 2010 which are prone to break downs and will be disposed of.

The five (5) new units of plastic injection moulding machines have improved specification in terms of tonnage. The details of the tonnages of the existing plastic injection moulding machines to be replaced and the tonnages of the new plastic injection moulding machines are as follows: -

Existing plastic injection moulding machines to be replaced		New plastic injection moulding machines	
1	25 MT	1	350 MT
2	50 MT	2	380 MT
		3	380 MT
		4	480 MT
		5	800 MT

The production capacity with the acquisition of additional five (5) units of plastic injection moulding machines will increase our capacity by 15.56% or 1,667,456 units from 10,717,000 units per year in FYE 2020 to 12,384,456 units per year.

The total cost of acquiring these five (5) units of plastic injection moulding machines will be approximately RM2.30 million which is expected to be funded via our internally-generated funds. We will carefully consider the funding options available (i.e., internally-generated funds, bank borrowings or raising funds via equity) and the relevant cost and benefits of each option for the acquisition of the plastic injection moulding machines. We expect the plastic injection moulding machines to be purchased and installed at our factory in Rayong, Thailand within thirty-six (36) months upon our Listing.

According to the IMR Report, the global market size for plastic injection moulded parts increased from USD236.98 billion (or equivalent to RM1,019.20 billion based on average annual exchange rates in 2017 at USD1 = RM4.3008) in 2017 to USD259.49 billion (or equivalent to RM1,074.99 billion based on average annual exchange rates in 2019 at USD1 = RM4.1427) in 2019, registering a CAGR of 4.64%. In terms of volume, the demand for plastic injection moulded parts increased from 31.98 million tonnes to 34.74 million tonnes during the same period, at a CAGR of 4.23%. The demand for plastic injection moulded parts is expected to continue to be driven by its wide application across many end-user industries and by the demand for E&E products, as well as automotive components, amongst others.

7. BUSINESS OVERVIEW (cont'd)

While we remain diligent in selecting customers, the proposed purchase of additional plastic injection moulding machines will ensure that we will not be constrained by our manufacturing capacity, and this will provide a strong platform for the future expansion of our Group.

(c) We plan to expand our factory in Rayong, Thailand in anticipation of the growth of our business

We intend to expand our factory in Rayong, Thailand by building a single storey high ceiling factory annexed with the existing factory with a built-up area of approximately 10,086 sq. ft. to place the five (5) new units of plastic injection moulding machines as set out in Section 7.20.1(b) above.

The total cost of the building expansion is expected to cost approximately RM4.81 million which is expected to be funded via our internally-generated funds. We will carefully consider the funding options available (i.e., internally-generated funds, bank borrowings or raising funds via equity) and the relevant cost and benefits of each option for the factory expansion in Rayong, Thailand. We expect to complete the expansion works together with the relevant building inspection certificates issued by the IEAT within thirty-six (36) months upon Listing and our factory is expected to be fully operational by second half of 2024.

(d) We plan to expand our presence in the E&E and automotive industries in Thailand

We intend to actively expand our presence in the E&E and automotive industries in Thailand within the next thirty-six (36) months after our Listing by actively pursuing the opportunities in the manufacturing of nameplates and plastic injection moulded parts which will be funded by our internally-generated funds. The Group has not considered any other target markets/industries as at the LPD. As at the LPD, the sales and marketing strategies that we adopt are direct approach through our sales representatives where we have established a sales and marketing division in Thailand, securing new customers through referrals and promoting our products through our corporate websites.

According to the IMR Report, Thailand is a major manufacturing base in Southeast Asia for many MNCs, including E&E and automotive manufacturers, driven by its strategic location, availability of labour and supportive government policies. The prospects for the E&E and automotive and transportation industries in Thailand are optimistic as BOI continue to offer incentives such as exemption of corporate income tax and stamp duties to attract multi-national manufacturing companies to set up manufacturing plants in Thailand. The demand for nameplates and plastic injection moulded parts is expected to continue to be driven by the growth in these end-user industries.

While the plastic injection moulding industry in Thailand is competitive due to the large number of industry players and fragmented nature, plastic injection moulded parts are used in a wide range of end-user industries, such as the E&E, automotive, medical, aerospace, packaging, manufacturing, telecommunications and office supply industries owing to their relatively low cost, ease of manufacture, versatility and waterproof properties. As such, there will be continuous demand for plastic injection moulded parts to support the manufacturing of various E&E, automotive and other consumer products.

Over the past three (3) FYEs 2018 to 2020, our sales to Thailand have accounted for 41.28%, 42.59% and 44.11% of our total Group revenue respectively. Our track record in Thailand provides us with a foundation and platform for further expansion and growth, as we are able to leverage on our established relationships with our existing customers and business associates

7. BUSINESS OVERVIEW (cont'd)

in Thailand. We are aware of the market potential for our Group and aim to further grow our market share in Thailand. To implement this, we intend to carry out the following sales and marketing activities focusing on the manufacturing sector in Thailand: -

- (i) Participate in external events and exhibitions where we can showcase the advantages and benefits of our solutions. We have identified the following events and exhibitions that we intend to participate over the next two (2) years, primarily manufacturing and parts and components related events: -

Event name	Location
Vietnam Manufacturing Expo	Hanoi, Vietnam
METALEX (Machine Tools and Metalworking Technologies Trade Exhibition and Conference)	Bangkok, Thailand
Manufacturing Expo	Bangkok, Thailand
A-Plas (ASEAN Plastic) Exhibition	Bangkok, Thailand

Nevertheless, our planned participation in these events and exhibitions is subject to the Covid-19 situation in the locations where we operate or in the locations where the identified events and exhibitions that we intend to participate in are held.

- (ii) Leverage on our existing business relationships with our customers and business associates in Thailand by continuing to engage them and keeping them updated on our existing and new solutions.

Showcasing our solutions and track record at events and exhibitions will raise the profile and reputation of our Group in the nameplate and plastic injection moulded parts industries. Increasing our sales and marketing activities will help create enhanced visibility for our Group and our solutions. These elements will be important as we embark on our next phase of business expansion as a public listed company.

7.20.2 Prospects

Our Board is of the view that our Group will enjoy positive growth and favourable prospects in the long term premised on the following: -

- (a) Our competitive strengths as set out in Section 7.19 of this Prospectus;
- (b) Our Group's business strategies as set out in Section 7.20.1 of this Prospectus;
- (c) The global demand for nameplates and plastic injection moulded parts which is driven by the performance of its end-user industries such as E&E industry and automotive industry, as well as the wide application of nameplates and plastic injection moulded parts in other end-user industries. (Source: IMR Report); and
- (d) Further, our Group's sustainability is expected to be driven by the benefits and unique functions of nameplates and plastic injection moulded parts across various industries: -
- Nameplates are used to identify, provide information and instructions as well as to supplement the aesthetic appeal to a product. Nameplates can display the name of a person or company, or a company's brand or logo.

7. BUSINESS OVERVIEW (cont'd)

Some nameplates also display licence, certification, directional or product specification information. (Source: IMR Report)

- Plastics are widely used in the manufacturing of parts and components for industrial and commercial applications owing to their relatively low cost, ease of manufacture, versatility and waterproof properties, and thus have displaced several traditional materials such as wood, stone, leather, paper, metal and glass in many of their former uses. (Source: IMR Report)

7.21 ADDITIONAL DISCLOSURES

7.21.1 Tax revision

On 13 March 2019, our Group sought for a revised tax assessment for years of assessment ("YA") 2016 and 2017 which was submitted to the Inland Revenue Board ("IRB") ("Tax Revision"). The Tax Revision arose as VNP obtained an approval by MIDA vide its letter dated 30 August 2018 to qualify for an automation capital allowance of 200% on the first RM2.0 million expenditure under P.U. (A) 252 Income Tax (Accelerated Capital Allowance) (Automation Equipment) Rules 2017 and P.U. (A) 253 Income Tax (Exemption) (No.8) Order 2017 and the approval period is for a period of six (6) years which took effect from YAs 2015 to 2020.

IRB had, vide a notice of reduced assessment dated 9 June 2020, approved the Tax Revision. As such, VNP will receive a refund of RM82,564.80 and RM337,423.20 for YA 2016 and 2017 respectively which were in line with the submission of the revised tax computation on 13 March 2019 made by VNP.

7.21.2 Tax review

IRB had, vide its letter dated 13 September 2019, requested to review the past accounting records including the supporting documents of VNP for YA 2013 to 2018 ("Tax Review").

On 17 August 2020, IRB issued a letter to VNP in relation to the Tax Review as follows:

-

- (i) in relation to a loan given by VNP to VTT for YA 2013 to 2018 ("Item 1"); and

IRB indicated that there was no interest income charged on the aforesaid loan and that such interest income is taxable pursuant to Section 140A of the Income Tax Act, 1967. The interest income suggested to be charged on VTT based on the prevailing Base Lending Rate on the outstanding monthly balance at a compounded rate amounts to approximately RM5.51 million.

On 27 August 2020, Baker Tilly (MH) Penang Sdn Bhd ("Tax Agent") had responded on behalf of VNP that foreign interest income, if charged, received and remitted into Malaysia are exempted from Malaysia tax in accordance with Paragraph 28, Schedule 6 of the Income Tax Act, 1967. Therefore, the question on taxability of interest income does not arise.

Based on the latest engagement with the IRB by the Tax Agent on 19 October 2020, the IRB had indicated that they will not pursue the issue on interest income arising from a loan given by VNP to VTT for YA 2013 to 2018.

7. BUSINESS OVERVIEW (cont'd)

- (ii) disposal of a property and shares of a company in YA 2014 which was not reported ("**Item 2**")

The review being undertaken by IRB is in relation to the disposal of a freehold land and factory building bearing address No. 9, Jalan Anggerik Mokara 31/48, Kota Kemuning Industrial Park, 40460 Shah Alam, Selangor ("**Subject Property**") by VNP and its previous wholly-owned subsidiary, T-Venture Industries (M) Sdn Bhd ("**T-Venture**") ("**Transaction**"). The IRB had highlighted that the Transaction was not reported to the IRB ("**Late Reporting**"). In this regard, VNP had on 24 August 2020 submitted the RPGT form for the disposal of the Subject Property and made the payment for the RPGT amounting to RM116,216.82 ("**RPGT Payment**").

Based on the latest engagement with the IRB by the Tax Agent on 23 November 2020, IRB has requested for further clarification on whether the disposal of the Subject Property should be taxed under real property gains tax ("**RPGT**") or corporate income tax. The Company is of the view that the Transaction should be taxed under RPGT as VNP is not involved in property holding/property investment/property developer business and the Subject Property was occupied by its previous wholly-owned subsidiary, T-Venture, and a related company, for manufacturing activities. As the property was used by T-Venture as its manufacturing facility, the accounting entry for the said property was "fixed asset" and not "stocks". In addition, the proceeds (after deducting the cost and upkeep) were treated as gains on disposal of property which was non-recurring, and was not as revenue/sale of stocks/inventory.

Based on the above, the financial impact to the Company is as follows: -

- (i) in the event the assessment of the Transaction by the IRB falls under RPGT, the financial impact to the Company will be RM29,054.21 (representing 25% of the RPGT Payment), due to the Late Reporting. This amount has been provided in the books of VNP in FYE 2020; or
- (ii) in the event the Transaction is deemed as a business source by the IRB (i.e subject to the corporate income tax of 25%), the financial impact arising is estimated to be RM0.73 million with estimated penalty of RM0.73 million (representing 100% of the tax chargeable), totalling RM1.46 million.

The RPGT payment is not refundable to VNP. However, in the event the IRB assess the Transaction under the business source, the RM116,216.82 can be used to partially set off the tax liability.

Brief details and background are as follows: -

- (a) The Subject Property

VNP and its previous wholly-owned subsidiary, T-Venture had on 14 March 2014 disposed of the Subject Property to V-Two Technology Sdn Bhd for a total consideration of RM9.00 million. The transaction was a related-party transaction.

The total consideration of RM9.00 million was arrived at on a willing-buyer willing-seller basis after taking into consideration the transacted market value in the surrounding location.

The said land and factory building was occupied by T-Venture. Subsequently on 7 April 2014, VNP disposed of its 100% equity

7. BUSINESS OVERVIEW (cont'd)

interest in T-Venture for a total consideration of RM4.80 million as disclosed below.

(b) The shares of a company

Share sale agreement dated 7 April 2014 entered into between Asia Knight Berhad (now known as RGT Berhad) and VNP for the acquisition of the entire issued and paid-up share capital in T-Venture comprising 800,000 ordinary shares of RM1.00 each ("**T-Venture Sale Shares**") from VNP for a total cash consideration of RM4.80 million ("**Cash Consideration**").

T-Venture was incorporated in Malaysia as a private limited company under the Act on 12 November 1999. The principal activity of T-Venture is to carry on the business of manufacturing of plastic parts.

The Cash Consideration payable by Asia Knight Berhad (now known as RGT Berhad) for the T-Venture Sale Shares was arrived at on a willing-buyer willing-seller basis after taking into consideration the unaudited net tangible assets of T-Venture for the financial year ended 31 December 2013 ("**FYE 2013**") of not less than RM5.40 million ("**Guaranteed NTA**").

The Cash Consideration was also derived after taking into consideration the estimated operational losses suffered by T-Venture for the FYE 2013 of RM614,956 and the potential liabilities of T-Venture which was factored into the purchase consideration (of which T-Venture was a defendant in a legal suit at that point in time).

Hence, the Cash Consideration was derived based on the Guaranteed NTA of RM5.40 million less the operational losses of RM614,956. The parties have mutually agreed to deduct RM600,000 from the Guaranteed NTA of RM5.40 million to arrive at the Cash Consideration.

As at the LPD, IRB has yet to provide its final assessment on Item 1 and Item 2 in relation to the Tax Review.

Please refer to Section 9.1.4 of this Prospectus on the risks relating to the aforesaid outcome by IRB.

7.21.3 Customs Audit

VNP had received a request by the Jabatan Kastam DiRaja Malaysia, Cawangan Audit Import & SST ("**Kastam Penang**") vide its letter dated 5 September 2019 for an audit visit at VNP's premises on 23 September 2019. The audit focus was on import transactions and Goods and Services Tax for the period commencing October 2016 to September 2019. Based on the audit report dated 18 August 2020 issued by Kastam Penang, they have indicated that the accounts of VNP have been maintained well and are in order.

8. INDEPENDENT MARKET RESEARCH REPORT

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SMITH ZANDER

Date: 02 MAR 2021

The Board of Directors

Volcano Berhad

1411, Jalan Perusahaan
Kawasan Perusahaan Perai 1
13600 Perai, Penang

Dear Sirs/ Madams,

Independent Market Research Report on the Global Markets for Nameplates and Plastic Injection Moulded Parts ("IMR Report")

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of Volcano Berhad on the ACE Market of Bursa Malaysia Securities Berhad.


Volcano Berhad and its subsidiaries ("Volcano Group") is principally involved in the manufacturing of parts and components (i.e. nameplates and plastic injection moulded parts) used in the electrical and electronics ("E&E") and automotive industries. The scope of work for this IMR Report will thus address the following areas:

- (i) Global market for nameplates, as Volcano Group's nameplates are sold to customers and used in products that are sold globally;
- (ii) Global market for plastic injection moulded parts, as Volcano Group's plastic injection moulded parts are sold to customers and used in products that are sold globally;
- (iii) The factors driving the demand and risks for nameplates and plastic injection moulded parts which influence the prospects and outlook of these markets;
- (iv) The competitive landscape of the nameplate manufacturing industry in Malaysia and plastic injection moulding industry in Thailand; and
- (v) The E&E and automotive industries in Thailand that support Volcano Group's expansion plans in Thailand.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants and industry experts. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report.

For and on behalf of SMITH ZANDER:



DENNIS TAN
MANAGING PARTNER

8. **INDEPENDENT MARKET RESEARCH REPORT (cont'd)**



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The research for this IMR Report was completed on 22 February 2021.

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has 23 years of experience in market research and strategy consulting, including over 18 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science from Memorial University of Newfoundland, Canada.

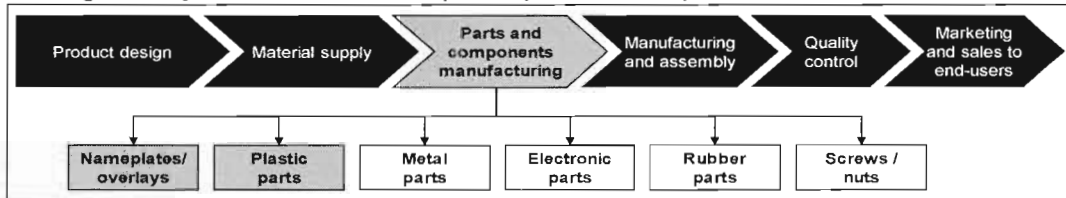
8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

SMITH ZANDER

1 PARTS AND COMPONENTS MANUFACTURING INDUSTRY

Parts and components manufacturing is a key component of the manufacturing industry value chain. Other components of the manufacturing industry value chain include product design, sourcing for material supply, manufacturing and assembly, quality control, and marketing and sales to end-users.

Manufacturing industry value chain and examples of parts and components



Notes:

- This list is not exhaustive.
- denotes segments in which Volcano Group are involved in.

Source: SMITH ZANDER

Some industries, such as the E&E, automotive, and machinery and equipment industries, are heavily dependent on the parts and components manufacturing industry to support their manufacturing activities. These manufacturers opt to outsource part or all of the parts and components manufacturing to achieve cost and quality efficiency, instead of investing and maintaining a full range of manufacturing facilities required to manufacture their products. There is a wide range of parts and components available in the market depending on the purpose and application of the items. For example, nameplates/overlays, plastic parts, metal parts, electronic parts, rubber parts and screws/nuts.

Within the parts and components manufacturing industry, Volcano Group is involved in the manufacturing of nameplates/overlays and plastic parts (specifically plastic injection moulded parts). The following chapters in this report will provide information on the nameplates and plastic injection moulded parts in greater detail.

2 GLOBAL MARKET FOR NAMEPLATES

Introduction

Nameplates are used to identify, provide information and instructions as well as to supplement the aesthetic appeal to a product. Nameplates can display the name of a person or company, or a company's brand or logo. Some nameplates also display licence, certification, directional or product specification information.

Nameplates are generally mounted or laminated to a surface or product by adhesive (e.g. glue and stickers) or fastener (e.g. screws and rivets), or hung against the wall or from the ceiling. Nameplates can also come in the form of an overlay, displaying words and graphics to provide functional information on product usage. Overlays are often found mounted on the control panel or switches of a product (e.g. washing machines).

The material used for the manufacturing of nameplates is dependent on the application and cost of the nameplates. The key materials for nameplates are metal and plastics. The common metal materials used for nameplates include stainless steel¹ and aluminium² while the common plastic materials used for nameplates include polystyrene, polycarbonate, polypropylene and polyvinyl chloride. Metal nameplates are usually more expensive than plastic nameplates. The application of nameplates can be categorised into three (3) classifications, namely for personal/corporate/education, commercial and industrial usage.

¹ Based on latest available data, the average monthly price of stainless steel between 2017 to 2019 is as follows:

Year	Stainless steel price per metric tonne ("MT") (USD)	Stainless steel price per MT (RM)
2017	2,432.75	10,462.77
2018	2,628.25	10,605.78
2019	2,402.83	9,954.20

Note: Exchange rate from USD to RM in 2017, 2018 and 2019 was converted based on average annual exchange rates in 2017, 2018 and 2019 extracted from published information from Bank Negara Malaysia at USD1 = RM4.3008, USD1 = RM4.0353 and USD1 = RM4.1427 respectively.

Source: MEPS International Ltd

² The average monthly price of aluminium between 2018 to 2020 is as follows:

Year	Aluminium price per MT (USD)	Aluminium price per MT (RM)
2018	2,108.48	8,508.35
2019	1,794.49	7,434.03
2020	1,703.99	7,159.48

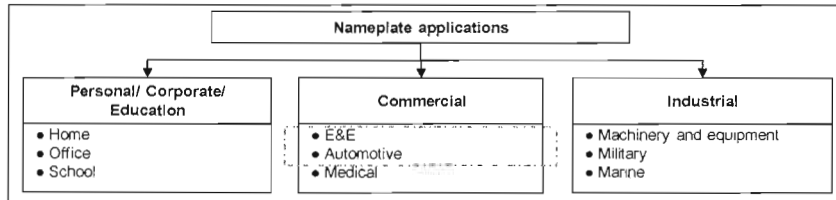
Note: Exchange rate from USD to RM in 2020 was converted based on average annual exchange rates in 2020 extracted from published information from Bank Negara Malaysia at USD1 = RM4.2016.

Source: World Bank

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

SMITH ZANDER

Nameplate applications



Notes:

- This list is not exhaustive.
- [] denotes markets served by Volcano Group.

Source: SMITH ZANDER

Application	Description
Personal/ Corporate/ Education	Nameplates used for personal, corporate or education purposes are mainly for identification purposes, as well as to provide directional information. For example, corporations mount nameplates bearing their company name on office walls or doors for identification purposes. Nameplates are also used in universities and schools to indicate directions and locations of emergency exits.
Commercial	Commercial nameplates are mainly for brand recognition as well as product identification and instructional purposes, and are typically mounted on consumer products such as E&E, automotive and medical devices. Overlays are also widely used in consumer products. For example, an overlay which is mounted on the control panel of a washing machine provides information on the functions of its switches.
Industrial	Industrial nameplates are mainly used for product identification, specification and instructional purposes, and can be made with resistance to high heat, corrosion and moisture. Nameplates for industrial usage are generally mounted on machinery and equipment used in factories and plants. Industrial nameplates are also found on equipment and vehicles used in the military.

Source: SMITH ZANDER

Market Performance, Size and Growth

The global market size for nameplates used in the E&E consumer products and automotive industries is not publicly available given that the global market for nameplates used in the E&E consumer products and automotive industries is not tracked by any government and/or private independent organisations. As such, global market data on sales and/or production and/or consumption of nameplates used in the E&E consumer products and automotive industries from government published sources and private independent sources is not available to ascertain the global market size of nameplates used in the E&E consumer products and automotive industries.

3 GLOBAL MARKET FOR PLASTIC INJECTION MOULDED PARTS

Introduction

Plastics are synthetic or semi-synthetic organic materials that are malleable through the application of heat and/or pressure. Plastics are made through polymerisation and commonly derived from petrochemicals. However, they can also be made from renewable resources such as agricultural products. Polymerisation is a chemical process where small molecules join together to form long molecules, also known as polymers. Plastics are a compound of polymers. Plastics are widely used in the manufacturing of parts and components for industrial and commercial applications owing to their relatively low cost, ease of manufacture, versatility and waterproof properties, and thus have displaced several traditional materials such as wood, stone, leather, paper, metal and glass in many of their former uses.

The key raw material for the manufacturing of plastic products is resin³. Resin is unprocessed plastic generally in the form of small pellets and powder. Resin is heated, moulded and cooled to form plastic products. The manufacturing process for plastic products is influenced by the types of polymers in the resin used as well as the characteristics and applications of the product manufactured. Among some of the commonly used manufacturing processes are injection moulding, blow moulding, compression moulding, film extrusion and rotational moulding.

³ The annual price range of resin between 2018 to 2020 is as follows:

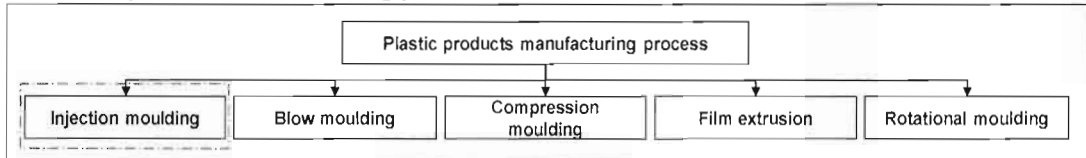
Year	Price range of resin per pound (USD)	Price range of resin per pound (RM)
2018	0.86-1.30	3.47-5.25
2019	0.745-1.23	3.09-5.10
2020	0.64-1.10	2.69-4.62

Source: Plastics News

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

SMITH ZANDER

Types of plastic products manufacturing processes



Notes:

- This list is not exhaustive.
- [Dashed border] denotes segment in which Volcano Group is involved in.

Source: SMITH ZANDER

Type of process	Description
Injection moulding	Molten plastic is injected into a metal mould where it cools, hardens and takes the form of the mould. Injection moulding is most commonly used to process both thermoplastic and thermosetting polymers. Injection moulding can be used to produce home appliances, E&E parts and components, automotive parts, engineering parts and household products.
Blow moulding	Blow moulding is used to create plastics with hollow cavities. Hot air is blown into a pre-formed tube of semi-molten plastic (also known as parison), which expands to fill a cavity formed by metal moulds. The tube can be injection moulded, thereby allowing a thread for a lid or some other detail to be formed. It can also be extruded as a tube, pinched at one end, and again expanded to fill the cavity of a two-part metal mould. Textures can be formed on the mould walls. Blow moulding can be used to produce products such as containers for lubricant oils and detergents.
Compression moulding	Compression moulding involves placing preheated polymer into a heated mould and applying pressure so that the polymer coats the inside of the mould. Compression moulding can be used to produce kitchenware, electrical parts and buttons.
Film extrusion	Plastic pellets are fed into a heated cylinder and driven forward by a turning screw that compacts and melts these pellets, and forces molten plastic through a die at the end, creating continuous lengths of shapes with the desired profile. Film extrusion can be used to produce film, continuous sheeting, tubes, rods, coat wires, cords and cables.
Rotational moulding	Rotational moulding uses polymer in powder form which is inserted into a hollow mould and heated in an oven while being rotated, causing the polymer to melt and coat the inside of the mould evenly. Rotational moulding can be used to produce large hollow articles such as tanks, containers, rubbish bins and playground equipment.

Source: SMITH ZANDER

Market Performance, Size and Growth

The growth in the consumption of plastics is driven by increasing demand for plastics from multiple end-user industries, due to its versatile properties and the increasing technological innovations to improve the properties of plastics.

The global market size for plastic injection moulded parts increased from USD236.98 billion⁴ (RM1,019.20 billion)⁵ in 2017 to USD259.49 billion⁴ (RM1,074.99 billion)⁶ in 2019, registering a CAGR of 4.64%. In terms of volume, the demand for plastic injection moulded parts increased from 104.64 million tonnes⁴ to 112.01 million tonnes⁴ during the same period, at a CAGR of 3.46%. Much of this growth is attributed to thriving end-user industries, particularly packaging, which contributed to 31.70%⁴ of the plastic injection moulded parts market in 2019. Packaging encompasses containers for various industries such as consumer goods, cosmetic and personal care, food and beverage, health care, household products and industrial products. Other applications for plastic injection moulded parts include E&E (31.02%)⁴, automotive and transportation (15.18%)⁴ as well as building and construction (10.74%)⁴. The E&E as well as automotive and transportation markets are of importance to Volcano Group as these are the key markets for the Group's plastic injection moulded parts.

The demand for plastic injection moulded parts in the global E&E industry grew from USD77.92 billion⁴ (RM335.12 billion) in 2017 to USD86.31 billion⁴ (RM357.56 billion) in 2019, registering a CAGR of 5.25%. In terms of volume, the demand for plastic injection moulded parts for E&E increased from 31.98 million tonnes⁴ to 34.74 million tonnes⁴ during the same period, at a CAGR of 4.23%. The demand for plastic injection moulded parts in the global automotive and transportation industry increased from USD31.00 billion⁴ (RM133.32 billion) in 2017 to USD34.08 billion⁴ (RM141.18 billion) in 2019, registering a CAGR of 4.85%. In terms of volume, the demand for plastic injection moulded parts for

⁴ Latest available as at 22 February 2021. (Source: Transparency Market Research "Injection Molded Plastics Market: Global and Thailand Industry Analysis, Size, Share, Growth, Trends, and Forecast, 2020-2030")

⁵ Exchange rate from USD to RM in 2017 was converted based on average annual exchange rates in 2017 extracted from published information from Bank Negara Malaysia at USD1 = RM4.3008.

⁶ Exchange rate from USD to RM in 2019 was converted based on average annual exchange rates in 2019 extracted from published information from Bank Negara Malaysia at USD1 = RM4.1427.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)**SMITH ZANDER**

the automotive and transportation industry increased from 15.86 million tonnes⁴ to 17.00 million tonnes⁴ during the same period, at a CAGR of 3.53%.

SMITH ZANDER anticipates that demand for plastic injection moulded parts will continue to be driven by the wide application of plastic injection moulded parts across many end-user industries and by the demand for E&E products, as well as automotive components, amongst others. Please refer to **Chapter 4 – Demand Drivers, Risks and Challenges for Nameplates and Plastic Injection Moulded Parts** of this report for further details on the demand drivers.

4 DEMAND DRIVERS, RISKS AND CHALLENGES FOR NAMEPLATES AND PLASTIC INJECTION MOULDED PARTS

Demand Drivers

Nameplates and plastic injection moulded parts can be applied to a broad range of products, particularly within the E&E and automotive industries. Therefore, any changes in these industries will have an impact on the demand for nameplates and plastic injection moulded parts.

► Global E&E industry leads to demand for nameplates and plastic injection moulded parts

Nameplates are commonly used in the E&E industry, especially in the household appliances and consumer electronics segments, whereby the main functions are brand identification and instructional. These nameplates can be customised in a variety of designs and using different raw materials, allowing them to provide aesthetic appeal.

Plastic injection moulded parts are also key components in the production of E&E products, such as parts and components for home appliances. The injection moulding process is ideal as it allows for parts to be accurately produced to specific geometric dimensions. Plastics also have superior properties such as electrical performance, mechanical strength, stability under heat and insulation, making them well-suited to E&E applications.

The global E&E industry grew at a CAGR of 3.38% from EUR4.22 trillion (RM20.46 trillion)⁷ in 2017 to EUR4.51 trillion (RM20.91 trillion)⁸ in 2019. The global household appliances and consumer electronics segments, being key end-user industries of nameplates and plastic injection moulded parts, registered CAGRs of 2.25% and 3.48% respectively during this period.

E&E industry (Global), 2017-2019

	2017	2018	2019	2017	2018 ⁹	2019
	EUR billion			RM trillion		
Global E&E	4,216	4,421	4,509	20.46	21.06	20.91
- Consumer products (household appliances)	242	246	253	1.17	1.17	1.17
- Consumer products (consumer electronics)	226	235	242	1.10	1.12	1.12

Source: German Electrical and Electronic Manufacturers' Association "The Global Electric Industry – Facts and Figures"

Nevertheless, in view of the outbreak of the Covid-19 virus in 2020, the global E&E industry is estimated to have declined in 2020. The International Monetary Fund ("IMF") estimated world GDP growth in 2020 to have declined by -4.4%, indicating adverse economic conditions for the year which has affected businesses, employment and consumer purchasing power. As consumers became more cautious with spending, it has negatively impacted the demand for E&E products and in turn may have affected the demand for nameplates and plastic injection moulded parts in 2020. Notwithstanding the negative impacts arising from the Covid-19 pandemic, the outbreak of Covid-19 has led to many countries implementing mandatory lockdowns to curb the spread of the virus, which has boosted the demand for laptops and computers as large proportions of the global workforce have migrated from the office to working from home, and students are also studying from home through online classes. Further, as the impact of the Covid-19 pandemic subsides or ends, the global E&E industry is expected to recover in 2021. The anticipated growth in the global E&E industry, supported by the increase in demand for laptops and computers are therefore expected to support the demand for nameplates and plastic injection moulded parts moving forward.

► Global automotive industry leads to demand for nameplates and plastic injection moulded parts

The automotive industry is a major market for nameplates, which are mainly used for branding purposes, both on the interior and exterior of motor vehicles. The demand for the plastic injection moulded parts is also expected to be supported by the production of motor vehicles. The production of a motor vehicle could require over 200 pieces of interior plastic components. The automotive sector's emerging demand for production efficiency, noise reduction,

⁷ Exchange rate from EUR to RM in 2017 was converted based on average annual exchange rates in 2017 extracted from published information from Bank Negara Malaysia at EUR1 = RM4.8530.

⁸ Exchange rate from EUR to RM in 2019 was converted based on average annual exchange rates in 2019 extracted from published information from Bank Negara Malaysia at EUR1 = RM4.6378.

⁹ Exchange rate from EUR to RM in 2018 was converted based on average annual exchange rates in 2018 extracted from published information from Bank Negara Malaysia at EUR1 = RM4.7643.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)**SMITH ZANDER**

speed, fuel efficiency, innovative design, longer lifespan as well as lower cost, is expected to result in the potential displacement of some metal parts in favour of plastics.

Global production of motor vehicles, which had been growing every year from 61.76 million units since 2009, registered a negative CAGR of 2.52% from 96.59 million units in 2017 to 91.79 million units in 2019, mainly attributed by the disruptions caused by new emission standards in Europe and China as well as a decline in demand in China resulting from higher taxes and tighter regulations on peer-to-peer lending in 2019¹⁰. However, the effects of these factors on the global production of motor vehicles are expected to be temporary, when adjustments on production to reduce the emission of motor vehicles to comply with these new emission standards are completed, and impact of higher taxes and tighter regulations subsides in China. Thailand, as one of the principal markets for Volcano Group's products, experienced an increase in motor vehicle production during the same period, from 1.99 million units¹¹ to 2.01 million units¹¹, registering a CAGR of 0.50%.

Production of motor vehicles (Global), 2017-2019

Year	Million units
2017	96.59
2018	96.87
2019	91.79
CAGR (2017-2019)	-2.52%

Note:

- Latest available as at 22 February 2021.

Source: *International Organization of Motor Vehicle Manufacturers*

The outbreak of Covid-19 has caused affected countries to impose mandatory movement and business operations restrictions to contain the spread of the virus. This has, and may continue to, temporarily disrupt the demand for nameplates and plastic injection moulded parts as production of motor vehicles were delayed or completely halted. Further, logistics networks around the world has faced disruptions due to closure of airports and other transportation hubs, which may have caused delays in delivery of nameplates and plastic injection moulded parts to the automotive industry. In addition, demand for motor vehicles may have been dampened as a result of the adverse economic conditions in 2020, as consumers were more cautious in their spending which consequently may have affected the demand for nameplates and plastic injection moulded parts in the automotive industry. Nevertheless, as motor vehicles are one of the main modes of transportation globally, the production of motor vehicles is expected to grow over the long term, when global supply chains resume, economic conditions recover and the impact of the Covid-19 pandemic subsides or ends. As the production of motor vehicles increases, it is expected to continue to support the demand for nameplates and plastic injection moulded parts.

► Wide application creates demand from other end-user industries

In addition to the E&E and automotive industries, nameplates and plastic injection moulded parts can cater for a variety of other end-user industries. Nameplates are applicable to a broad range of products and industries such as medical, aerospace, military, manufacturing, telecommunications and office supplies. Apart from being used for branding, nameplates can also be used to provide instructions, warnings, inventory control, identification as well as general information. Plastics are also widely used in similar industries owing to their relatively low cost, ease of manufacture, versatility and waterproof properties.

Risks and Challenges**► The nameplate manufacturing and plastic injection moulding industries are dependent on the growth of end-user industries**

The nameplate manufacturing and plastic injection moulding industries are dependent on the development of end-user industries such as E&E, automotive, machinery and equipment, as nameplates and plastic injection moulded parts are used in the products manufactured by the end-user industries. Growth in these industries depend on various factors, particularly on overall economic growth.

Serious pandemics such as outbreak of the Covid-19 virus may halt economic and business activities in countries affected. While this is expected to temporarily dampen economic conditions, business activities in these countries are expected to resume when the outbreak ends. Prolonged dampened economic conditions may decrease household disposable incomes, causing a decline in demand for E&E products, vehicles and manufactured goods. The reduced demand for E&E products, vehicles, and machinery and equipment will consequently affect demand for nameplates and plastic injection moulded parts. This could have a negative impact on the financial performance of nameplate and plastic injection moulded part manufacturers.

¹⁰ Source: IMF "World Economic Outlook, October 2019: Global Manufacturing Downturn, Rising Trade Barriers".

¹¹ Source: *International Organization of Motor Vehicle Manufacturers*.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)**SMITH ZANDER****► Technology changes and advancements create challenges for nameplate and plastic injection moulded part manufacturers**

The nameplate manufacturing and plastic injection moulding industries operate in a dynamic market where these parts and components in the manufacturing value chain are prone to evolving industry standards, new product introductions and enhancements. The industry players' future growth and success would significantly depend on continuing market acceptance of the portfolio of products and the industry players' ability to develop new products to meet the needs of the end-user industries. One of the risks faced by industry players is the risk of future disruptive technologies that may unexpectedly displace current technologies. Such disruptive technologies could adversely affect the competitiveness of the industry players if the industry players are unable to respond to the new technology accordingly. An example is the introduction of laser cutting technology in nameplate manufacturing which enables high-precision cutting on design of complex geometries and patterns. The application of laser cutting technology has reduced the need for several manufacturing processes such as lamination, hole punching and stamping as laser cutting substitutes all of these processes. For plastic injection moulded parts, the trend of favouring lightweight plastic parts in the automotive industry has also led to the introduction of new plastic injection moulding technology which uses a new raw material, namely supercritical fluid, a type of material made from nitrogen and carbon dioxide. Supercritical fluid which is mixed with resin will expand quickly when injected into plastic moulds. This reduces the amount of resin required to manufacture plastic injection moulded parts, resulting in reduction in weight of the plastic injection moulded parts manufactured.

Such changes and advancements in technology may require the nameplates and plastic injection moulded part manufacturers to change materials used or enhance manufacturing processes for the adoption of new technologies, which may require sourcing for new raw material suppliers, new investments in machinery and equipment as well as hiring the necessary skilled personnel in the particular field.

In cases where nameplates and plastic injection moulded part manufacturers fail to keep up with the technology changes and advancements, it may adversely affect the business operations and financial performance of the industry players.

5 COMPETITIVE LANDSCAPE OF THE NAMEPLATE MANUFACTURING AND PLASTIC INJECTION MOULDING INDUSTRIES**Overview of the Competitive Landscape of the Nameplate Manufacturing Industry in Malaysia**

This section focuses on the competitive landscape of the nameplate manufacturing industry as majority of Volcano Group's revenue for the past 3 financial years ended 2018, 2019 and 2020 was derived from nameplates at 62.88%, 63.81% and 65.96%.

Volcano Group's wholly-owned subsidiary, Volcano Name Plate Sdn Bhd ("VNP"), is solely involved in the manufacturing of nameplates including logo nameplates, membrane switches, overlays, control panels, spacers, insulators and stamping parts, primarily for the E&E and automotive industries. Hence VNP competes with other nameplate manufacturers in Malaysia with similar product range. VNP also competes with foreign companies who offer similar product range to the same clientele base. These foreign companies may or may not have active business operations in Malaysia. As VNP exports its products globally, VNP also competes with other nameplate manufacturers outside Malaysia. This section focuses on the competitive landscape of the nameplate manufacturing industry in Malaysia as VNP operates in Malaysia, and includes local companies and foreign companies with operations in Malaysia.

Nameplate manufacturers typically provide an array of services across the spectrum of product identification and specialty graphics including membrane switches, overlays, touch screens, instrument clusters, front panels, nameplates, labels, decorative trim, man/machine interfaces, dials and scales depending on their manufacturing scales and capabilities. While nameplate manufacturers may share similar machinery and manufacturing capabilities, they typically have specific focus on selected types of nameplate and materials used based on the application of nameplates. For example, an industry player may focus on supplying metal and non-metal nameplates for brand identification but may offer complementary products such as metal nameplates with product description for machinery or control panel overlays for electrical and electronic products.

The barriers of entry for the nameplate manufacturing and plastic injection moulding industries are generally low as raw materials, and machinery and equipment can be easily sourced in the market. The upfront cost required can be low if a new industry player chooses to start with a small production capacity with limited product and service offerings. New industry players may compete aggressively in product pricing which may temporarily disrupt the pricing competitiveness of existing industry players such as VNP. However, new industry players must also be able to be competitive in other areas such as product quality, and capabilities in manufacturing a range of products together with strong customer service, amongst others. Further, nameplate manufacturing and plastic injection moulding industry players must have the capabilities to scale up their businesses to achieve greater economies of scale to maximise profitability in order to maintain their sustainability in the long term.

In this IMR report, a list of key industry players in the nameplate manufacturing industry in Malaysia has been identified on the basis that these industry players:

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)**SMITH ZANDER**

- are companies involved in the manufacturing and sale of similar types of nameplates and/or share similar clientele (i.e. customers in the E&E and automotive industries) with VNP, based on publicly available information on the products and services they offer; and
- recorded more than RM10.00 million in revenue based on their respective latest financial years.

The key industry players below are the closest competitors to VNP, based on research carried out by SMITH ZANDER and the availability of information. It is not an exhaustive list of all nameplate manufacturing industry players in Malaysia.

Company name	Examples of products manufactured	Latest available financial year	Revenue (RM '000)	Gross profit ("GP") (RM '000)	GP margin (%)
Chiyoda Integre Co. (M) Sdn Bhd	Non-metal nameplates, felt, non-woven fabrics, polyester film, hard polyvinyl sheet, shield material, rubber sponge and soft polyurethane foam	31 December 2019	131,283.81 ^a	37,436.91	28.52
Flexi Components Sdn Bhd	Non-metal nameplates, shielding, gaskets, foams, foam-tapes and felts	31 December 2019	58,374.90 ^a	23,295.28	39.91
Sanwa Screen (M) Sdn Bhd	Metal nameplates, non-metal nameplates and plastic injection moulded parts	30 September 2020	56,326.88 ^a	23,902.03	42.43
S.E. Printing (M) Sdn Bhd	Non-metal nameplates and light guide plate	31 March 2020	43,949.00 ^a	7,869.00	17.90
VNP	Metal nameplates and non-metal nameplates	31 December 2020	25,743.00	9,508.00	36.93
Kanix Industries (M) Sdn Bhd	Non-metal nameplates and labels	30 June 2019	25,973.91 ^a	10,356.64	39.87
Sanko Sangyo (M) Sdn Bhd	Non-metal nameplates and labels	31 December 2019	19,166.15 ^a	2,818.65	14.71
Lengkuas Grafik Sdn Bhd	Metal nameplates, non-metal nameplates and labels	30 June 2019	10,405.38 ^a	2,494.85	23.98

Notes:

- Latest available as at 22 February 2021.
- The key identified nameplate manufacturing industry players include all industry players that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players above is exhaustive.
- Revenue disclosed above is based on the latest available audited financial statements from the respective key industry players.
- Revenue may be derived from other businesses and countries outside Malaysia as segmental revenue is not publicly available from the Companies Commission of Malaysia ("CCM").

Sources: CCM, company websites from various industry players, SMITH ZANDER

On average, the GP margins of the key nameplate manufacturing industry players in Malaysia listed above (excluding VNP) stood at 29.62% based on their respective latest available financial information.

Overview of the Competitive Landscape of the Plastic Injection Moulding Industry in Thailand

VNP's wholly-owned subsidiary in Thailand, Volcano Tec (Thailand) Co. Ltd ("VTT"), is primarily involved in the manufacturing of plastic injection moulded parts mainly for the E&E and automotive industries in Thailand. VTT competes with other plastic injection moulded part manufacturers in Thailand.

The plastic injection moulding industry in Thailand is competitive due to the large number of industry players and fragmented nature of the industry including public listed companies, large private companies and small to medium enterprises. VTT competes with all plastic injection moulding industry players in Thailand including public listed companies, large private companies and small to medium enterprises. In 2019, there were approximately 900 plastic injection moulded part manufacturers in Thailand¹², manufacturing for a wide range of end-user industries such as packaging, housewares, E&E, automotive, toys and sporting goods, amongst others.

As there are a large number of industry players in Thailand, the plastic injection moulded part manufacturers in Thailand shown in this IMR Report focuses on companies which are:

- listed on the Stock Exchange of Thailand or Market for Alternative Investment; and
- involved in the manufacturing of plastic injection moulded parts, amongst other business activities; and

¹² Latest available as at 22 February 2021. (Source: Plastics Institute of Thailand)

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- involved in the manufacturing of plastic injection moulded parts for E&E and automotive industries, amongst other end user industries; and
- companies of which the segmental revenues for plastic injection moulding business are publicly available.

The industry players below are the closest public listed competitors to VTT, based on the research carried out by SMITH ZANDER and the availability of information. It is not an exhaustive list of all plastic injection moulding industry players in Thailand. The segmental revenue for plastic injection moulding business shown in the table below is extracted from the respective companies' latest available annual reports. Group revenue may include revenue from other business activities.

Company name	Examples of plastic injection moulded parts manufactured	Latest available financial year	Group revenue (RM million)	Segmental revenue for plastic injection moulding business ^a (RM million)	GP (RM million)	GP margin (%)
Saha-Union Public Company Limited	Automotive parts, E&E parts and packaging	31 December 2019	1,355.13	609.43	182.91	13.50
Srithai Superware Public Company Limited	Packaging, furniture and houseware, battery cases, automotive parts and E&E parts	31 December 2019	1,180.99	937.75	102.00	8.64
SNC Former Public Company Limited	E&E parts and automotive parts	31 December 2019	884.51	542.77	91.94	10.39
Thai Mitsuwa Public Company Limited	E&E parts and automotive parts	31 March 2020	388.89	241.49	75.55	19.43
T.Krungthai Industries Public Company Limited	E&E parts and automotive parts	31 December 2019	171.84	151.19	23.77	13.83
Salee Industry Public Company Limited	E&E parts, automotive parts and packaging	31 December 2019	165.05	106.40	26.55	16.09
Pan Asia Footwear Public Company Limited ^b	Automotive parts	31 December 2019	101.34	21.89	9.91	9.78
VTT ^c	E&E parts and automotive parts	31 December 2020	26.78 ^d	17.88	5.63	21.02

Notes:

- Latest available as at 22 February 2021.
- This list is not exhaustive.
- Revenue and segmental revenue figures have been converted from THB to RM based on average annual exchange rates in 2019 or average exchange rates between 1 January 2020 and 31 March 2020 extracted from published information from Bank Negara Malaysia at THB1 = RM0.1335 or THB1 = RM0.1336 respectively.
- ^a Due to differing segmental revenue definitions of industry players, this may include some revenue derived from businesses other than plastic injection moulding and revenue derived from outside Thailand.
- ^b Pan Asia Footwear Public Company Limited is involved in four principal business segments, namely manufacturing and distribution of footwear and bags; manufacturing of soles and parts for footwear; manufacturing and distribution of plastic parts and injection, manufacturing, repair and maintenance of mould and dyeing of fabric; as well as organic farming business.
- ^c Although VTT is not publicly listed in Thailand, it is included in the list above for ease of comparison.
- ^d Company revenue for VTT.

Sources: Stock Exchange of Thailand, company websites, annual reports and audited financial statements of various industry players, SMITH ZANDER

On average, the GP margins of the key public listed plastic injection moulding industry players in Thailand listed above (excluding VTT) stood at 13.09% based on their respective latest available financial information.

Based on the average GP margins of the list of key nameplate manufacturers in Malaysia and key public listed plastic injection moulding industry players in Thailand in this IMR Report, nameplate manufacturers generally record higher GP margins compared to plastic injection moulded part manufacturers. This is primarily due to the larger number of technical processes required in the manufacturing of nameplates. The manufacturing of nameplates goes through technical processes such as printing, lamination, hole punching, stamping, finishing and assembly. Further, the printing process can be carried out through silkscreen printing, offset printing, tampo printing or UV printing; and the stamping process can be performed through blanking, forming, forging, embossing/debossing and die cutting. On the other hand, the major processes in the manufacturing of plastics injection moulded parts involves the injection moulding process

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)**SMITH ZANDER**

using an injection moulding machine, cleaning, finishing and sub-assembly/assembly. As the manufacturing of nameplates requires more technical processes, this may have contributed to pricing advantages in the manufacturing of nameplates that translates to higher GP margins for nameplate manufacturers.

Market Share

The market share of Volcano Group can be segregated into the following segments:

(i) Nameplates - Global

In order to compute the market share of Volcano Group, the global market size for nameplates used in the E&E consumer products and automotive industries is required for the computation. As stated in **Chapter 2 – Global Market for Nameplates** of this IMR Report, the global market size for nameplates used in the E&E consumer products and automotive industries is not publicly available, and as such the market share of Volcano Group could not be computed.

The market share for Singapore or any other particular country is not a suitable indication to compute market share based on the following reasons:

- Volcano Group sells its products to multi-national corporations ("MNCs") where the nameplates are used for products sold in the global markets.
- Using Volcano Group's market share in Singapore as an alternative indication of Volcano Group's market share is an inaccurate representation as the revenue derived from the sale of nameplates in Singapore during the financial years under review was mainly contributed by a single customer, HP PPS Asia Pacific Pte Ltd ("HP"). According to management of Volcano Group, HP in Singapore is the procurement arm for the company's global business. With this, Volcano Group issues invoices to HP in Singapore and the nameplates manufactured are delivered to HP's contract manufacturers globally.
- Other than Singapore, each of the other countries which Volcano Group sold its nameplates to contributes not more than 12% to the Group's total revenue for the financial years under review. Therefore, there is no other particular country that can be chosen as a suitable and fair representation of Volcano Group's market share.

(ii) Plastic injection moulded parts - Thailand

As Volcano Group is involved in the manufacturing and sale of plastic injection moulded parts primarily for the E&E and automotive industries in Thailand via VTT, its market share can be derived by comparing its revenue from plastic injection moulded parts to the total sales of plastic injection moulded parts for E&E and automotive industries in Thailand.

In 2019, Volcano Group's revenue from the sale of plastic injection moulded parts was RM20.23 million. In comparison, the total sales of plastic injection moulded parts for the E&E and automotive industries in Thailand was USD4.06billion¹³ (RM16.82 billion). Thus, Volcano Group had a market share of 0.12% of plastic injection moulded parts used in the E&E and automotive industries in Thailand in 2019. Historically, Volcano Group had a market share of 0.13% and 0.14% of plastic injection moulded parts used in the E&E and automotive industries in Thailand, in 2017 and 2018 respectively.

6 E&E AND AUTOMOTIVE INDUSTRIES IN THAILAND

VTT is primarily involved in the manufacturing of plastic injection moulded parts mainly for the E&E and automotive industries in Thailand. Thailand is a major manufacturing base in Southeast Asia for many MNCs, including E&E and automotive manufacturers.

Some examples of major multi-national E&E and automotive corporations which have established their manufacturing facilities in Thailand are shown in the table below. These selected E&E and automotive MNCs are some of world's leading manufacturers in their respective industries. The presence of these E&E and automotive MNCs in Thailand presents opportunities for parts and components manufacturers located in Thailand.

Selected E&E and automotive MNCs in Thailand

Company name	Principal activities	Manufacturing plant location(s)
Electrolux Thailand Co., Ltd.	Manufacturing of consumer appliances	Ban Khai, Rayong
Fisher & Paykel Appliances (Thailand) Co., Ltd.	Manufacturing of consumer appliances	Pluak Daeng, Rayong
LG Electronics Thailand Co., Ltd.	Manufacturing of consumer appliances	Pluak Daeng, Rayong

¹³ Latest available as at 22 February 2021. (Source: Transparency Market Research "Injection Molded Plastics Market: Global and Thailand Industry Analysis, Size, Share, Growth, Trends, and Forecast, 2020-2030")

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Company name	Principal activities	Manufacturing plant location(s)
Seagate Technology (Thailand) Ltd.	Manufacturing of hard disk drives	(i) Sung Noen, Nakhon Ratchasima (ii) Mueang Samut Prakan, Samut Prakan
Western Digital (Thailand) Co., Ltd.	Manufacturing of hard disk drives	(i) Bang Pa-In, Phra Nakhon Si Ayutthaya (ii) Khlong Luang, Pathum Thani (iii) Si Maha Phot, Prachinburi
Honda Automobile (Thailand) Co., Ltd.	Automobile assembly	(i) Uthai, Phra Nakhon Si Ayutthaya (ii) Si Maha Phot, Prachinburi
Isuzu Motors Co., (Thailand) Ltd.	Automobile assembly	(i) Phra Padaeng, Samut Prakarn (ii) Plaeng Yao, Chachoengsao
Mitsubishi Motors (Thailand) Co., Ltd.	Automobile assembly	Si Racha, Chonburi
Nissan Motor (Thailand) Co., Ltd.	Automobile assembly	Bang Sao Tong, Samut Prakarn
Toyota Motor (Thailand) Co., Ltd.	Automobile assembly	(i) Phra Padaeng, Samut Prakarn (ii) Plaeng Yao, Chachoengsao (iii) Ban Pho, Chachoengsao

Sources: Various company websites

Thailand has grown as a manufacturing base in the Southeast Asia region due to several factors as follows:

- (i) **Strategic location:** Thailand is centrally located in Southeast Asia and has comparatively well-developed infrastructure. This enables easy accessibility to other countries in the region, as well as to emerging economies such as China and India. Thailand has more than 465,000 kilometres of roads and a vast highway network connecting each region nationwide. The Government is also striving to enhance connectivity through various investments and development in its rail system.
- (ii) **Availability of labour:** The nation's skilled workforce and labour productivity is supported by a 97% national literacy rate and approximately 250,000 vocational and university graduates in science and technology-related fields every year¹⁴.
- (iii) **Supportive government policies:** The Government of Thailand has implemented several free trade agreements to reduce trade barriers and promote investment. In addition, corporate income tax is relatively low at 20%, with incentives such as an exemption period of up to 13 years for investments in targeted core technologies such as nanotechnology, advanced materials technology and digital technology, as well as investments on enabling services such as research and development, electronics design and engineering design. The Thailand 4.0 industrial development plan, which was launched in 2016, emphasises on building capacity for technology, creativity and innovation. This will cause a shift from producing commodities to innovative products, ultimately moving the manufacturing sector further up the value chain. These government policies have contributed towards a favourable investment climate in Thailand. In 2019, FDI net flow was registered at USD6.32 billion¹⁵ (RM26.18 billion), with the manufacturing sector accounting for 75.95% or USD4.80 billion¹⁵ (RM19.88 billion).

In Thailand, the revenue of plastic injection moulded parts in the E&E and automotive and transportation industries grew from USD3.65 billion¹⁶ (RM15.70 billion) in 2017 to USD4.06 billion¹⁶ (RM16.82 billion) in 2019, at a CAGR of 5.47%. The prospects for the E&E and automotive and transportation industries in Thailand are optimistic as the Board of Investment of Thailand continues to offer incentives such as exemption of corporate income tax and stamp duties to attract multi-national manufacturing companies to set up manufacturing plants in Thailand. SMITH ZANDER anticipates that demand for nameplates and plastic injection moulded parts will continue to be driven by the growth in these end-user industries. Due to the Covid-19 pandemic, the Government of Thailand declared a State of Emergency involving nationwide curfews, travel bans and control measures for businesses to observe effective from 26 March 2020 to 30 June 2020. The State of Emergency was subsequently extended to 31 March 2021, albeit with some relaxation in restrictions as a result of improving Covid-19 situation in the country. Although factories in Thailand are allowed to operate during the period of the State of Emergency by complying with the control measures set out by the Government, any further changes to the control measures which may impact the business and operations of E&E and automotive manufacturers, such as restrictions on business operations, may subsequently adversely affect the demand for nameplates and plastic injection moulded parts.

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¹⁴ Latest available as at 22 February 2021. (Source: Board of Investment of Thailand)

¹⁵ Latest available as at 22 February 2021. (Source: Bank of Thailand)

¹⁶ Latest available as at 22 February 2021. (Source: Transparency Market Research "Injection Molded Plastics Market: Global and Thailand Industry Analysis, Size, Share, Growth, Trends, and Forecast, 2020-2030")